

LAINGSBURG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year end 30 June 2011

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Annual Financial Statements

for

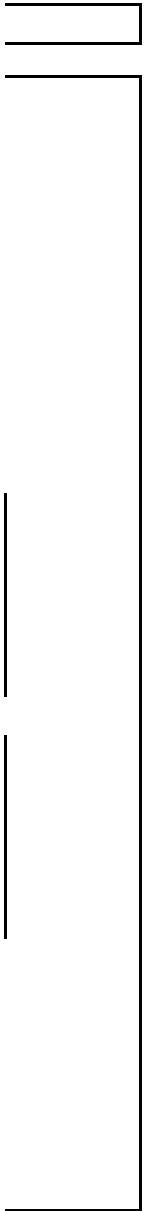
LAINGSBURG MUNICIPALITY

for the year ended 30 June: 2011

Province:

Western Cape

Contact Information:	
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LAINGSBURG MUNICIPALITY
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for the year ended 30 June 2011

General information

Members of the Council

R Meyer	Mayor
R Mckeet	Deputy Mayor
B Kleinbooi	Speaker
M Gouws	Member
J De Bruyn	Member
W Du P Theron	Member

Municipal Manager

P A Williams

Chief Financial Officer

A Groenewald

Grading of Local Authority

3

Auditors

Auditor-General

Bankers

ABSA and Standard Bank

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General information (continued)

Registered Office:

Laingsburg

Physical address:

2 Van Riebeek Street
Laingsburg 6900

Postal address:

Private Bag X4
Laingsburg 6900

Telephone number:

023 5511019

Fax number:

023 5511019

E-mail address:

laingsadmin@xsinet.co.za

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ANNUAL FINANCIAL STATEMENTS
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Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 79 , in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 26 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager:

P A Williams

2011/08/31

LAINGSBURG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2011

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2010/11 financial period is set out in Directive 5 Issued by the Accounting Standards Board (ASB) on 11 March 2010.

2. KEY FINANCIAL INDICATORS

The following indicators give some insight into the financial results of the year under review. No figures are provided for the previous year because of the change in format of the Annual Financial Statements presented.

Financial Statement Ratios:

INDICATOR	2011	2010
Surplus / (Deficit) before Appropriations	(8 975 626)	(142 928)
Surplus / (Deficit) at the end of the Year	102 654 287	111 408 413
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	27.91%	27.28%
Remuneration of Councillors	6.28%	8.30%
Collection Costs	0.07%	0.00%
Depreciation and Amortisation	29.27%	12.33%
Impairment Losses	0.00%	0.00%
Repairs and Maintenance	2.49%	3.82%
Interest Paid	0.00%	0.00%
Bulk Purchases	10.82%	10.53%
Contracted Services	1.07%	4.84%
Grants and Subsidies Paid	4.14%	6.69%
General Expenses	17.87%	23.56%
Current Ratio:		
Creditors Days	4	41
Debtors Days	34	19

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REPORT OF THE CHIEF FINANCIAL OFFICER

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D".

The overall operating results for the year ended 30 June 2011 are as follows:

DETAILS	Actual 2010/2011 R	Actual 2009/2010 R	Percentage Variance %	Budgeted 2010/2011 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	71 485 847	9 880 368	623.51%	-	-
Operating income for the year	25 955 819	26 580 935	(2.35)%	23 756 050	9.26%
Appropriations for the year	4 544 709	(2 540 148)	(278.92)%	-	-
	101 986 375	33 921 155	200.66%	23 756 050	329.31%
Expenditure:					
Operating expenditure for the year	34 931 445	26 723 863	30.71%	29 920 375	16.75%
Sundry transfers	-	(64 106 484)	-	(6 164 325)	-
Closing surplus / (deficit)	67 054 930	71 485 847	(6.20)%	-	-
	101 986 375	34 103 226	199.05%	23 756 050	329.31%

3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2010/2011 R	Actual 2009/2010 R	Percentage Variance %	Budgeted 2010/2011 R	Variance actual/ budgeted %
Income	15 356 200	16 531 931	(7.11)%	16 929 515	(9.29)%
Expenditure	20 727 578	17 854 327	16.09%	16 174 642	28.15%
Surplus / (Deficit)	(5 371 378)	(1 322 396)	306.19%	754 873	-
Surplus / (Deficit) as % of total income	(34.98)%	(8.00)%		4.46%	

3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community and includes the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

DETAILS	Actual 2010/2011 R	Actual 2009/2010 R	Percentage Variance %	Budgeted 2010/2011 R	Variance actual/ budgeted %
Income	29 107	27 362	6.38%	18 500	57.33%
Expenditure	230 832	81 581	182.95%	18 500	1147.74%
Surplus / (Deficit)	(201 725)	(54 220)	272.05%	-	-
Surplus / (Deficit) as % of total income	(693.06)%	(198.16)%		-	

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REPORT OF THE CHIEF FINANCIAL OFFICER

3.3 Waste Management Services:

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2010/2011 R	Actual 2009/2010 R	Percentage Variance %	Budgeted 2010/2011 R	Variance actual/ budgeted %
Income	2 577 133	3 762 584	(31.51)%	2 333 390	10.45%
Expenditure	2 470 024	2 035 575	21.34%	2 313 504	6.77%
Surplus / (Deficit)	107 109	1 727 009	(93.80)%	19 886	-
Surplus / (Deficit) as % of total income	4.16%	45.90%		0.85%	

3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R3 779 121 (2009/2010: R2 815 242). Tariffs levied for electricity are subject to administered adjustments.

The envisaged introduction of REDS (Regional Electricity Distribution Suppliers), where electricity will be distributed a regional supplier, will impact materially on the Annual Financial Statements of the municipality.

DETAILS	Actual 2010/2011 R	Actual 2009/2010 R	Percentage Variance %	Budgeted 2010/2011 R	Variance actual/ budgeted %
Income	5 680 836	4 486 031	26.63%	5 326 850	6.65%
Expenditure	6 559 313	4 432 429	47.98%	5 610 391	16.91%
Surplus / (Deficit)	(878 477)	53 602	(1738.90)%	(283 541)	-
Surplus / (Deficit) as % of total income	(15.46)%	1.19%		(5.32)%	

3.5 Water Services:

DETAILS	Actual 2010/2011 R	Actual 2009/2010 R	Percentage Variance %	Budgeted 2010/2011 R	Variance actual/ budgeted %
Income	2 312 543	1 773 027	30.43%	1 755 150	31.76%
Expenditure	4 914 780	2 319 950	111.85%	2 246 368	118.79%
Surplus / (Deficit)	(2 602 237)	(546 923)	375.80%	(491 218)	-
Surplus / (Deficit) as % of total income	(112.53)% (28 918)	(30.85)%		(27.99)%	

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R4 323 209 (2009/2010: R6 221 205). Full details of Property, Plant and Equipment are disclosed in Note 7 and appendices "B, C and E (2)" to the Annual Financial Statements.

The capital expenditure of R4 323 209 was financed as follows:

DETAILS	Actual 2010/2011 R	Actual 2009/2010 R	Percentage Variance %	Budgeted 2010/2011 R	Variance actual/ budgeted %
Capital Replacement Reserve	771 054	625 374	23.29%	3 375 499	(77.16)%
Grants and Subsidies	3 552 155	5 595 831	(36.52)%	8 728 852	(59.31)%
	4 323 209	6 221 205	(30.51)%	12 104 351	(64.28)%

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2011	2010
Capital Replacement Reserve	17.84%	10.05%
Grants and Subsidies	82.16%	89.95%

Property, Plant and Equipment is funded to such a great extent from grants and subsidies because the municipality does not have the financial resources to finance capital from its own funds.

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REPORT OF THE CHIEF FINANCIAL OFFICER

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	2011	2010
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	-	-
Revenue variances	2 199 769	1 244 921
Expenditure variances:		
Employee Related Costs	(23 693)	(172 758)
Remuneration of Councillors	173 548	(138 016)
Collection Costs	(19 704)	11 386
Depreciation and Amortisation	(4 060 270)	567 116
Impairment Losses	117 638	-
Repairs and Maintenance	444 872	103 955
Interest Paid	-	(703 902)
Bulk Purchases	(83 686)	434 758
Contracted Services	361 979	126 064
Grants and Subsidies Paid	635 286	308 519
General Expenses	50 317	3 201 327
Transfers	(8 771 680)	(5 126 297)
Actual surplus before appropriations	(8 975 626)	(142 928)
		(0)

DETAILS	2011	2010
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	-	-
Executive and Council	(2 167 057)	2 412 839
Finance and Administration	(1 583 568)	2 531 061
Planning and Development	(51 441)	(97 497)
Health	38 983	(48 834)
Community and Social Services	20 645	(96 878)
Housing	(201 725)	(10 787)
Public Safety	(98 034)	(758 545)
Sport and Recreation	(25 663)	(425 240)
Waste Management	87 223	1 346 487
Roads and Transport	(2 149 404)	1 836 388
Water	(2 111 019)	(732 205)
Electricity	(594 936)	(1 009 908)
Transfers	-	(5 126 297)
Other	(110 713)	36 487
Actual surplus before appropriations	(8 946 708)	(142 929)
	28 918	(1)

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with a cryptic explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

LAINGSBURG MUNICIPALITY
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REPORT OF THE CHIEF FINANCIAL OFFICER

5.2 Capital Budget:

DETAILS	Actual 2010/2011 R	Actual 2009/2010 R	Variance actual 2009/10 R	Budgeted 2010/2011 R	Variance actual/ budgeted R
Executive and Council	901 374	7 504	893 870	-	901 374
Finance and Administration	1 004 426	185 013	819 413	202 925	801 501
Planning and Development	2 758 261	351	2 757 910	1 500	2 756 761
Health	-	28 832	(28 832)	-	-
Community and Social Services	-	1 459	(1 459)	140 000	(140 000)
Housing	-	-	-	3 596 852	(3 596 852)
Public Safety	275	191 935	(191 660)	271 050	(270 775)
Sport and Recreation	-	5 625	(5 625)	134 716	(134 716)
Waste Management	168 800	61 915	106 885	1 928 100	(1 759 300)
Roads and Transport	558 891	1 351 150	(792 259)	4 338 100	(3 779 209)
Water	-	2 336 955	(2 336 955)	878 000	(878 000)
Electricity	900 980	702	900 278	220 000	680 980
Other	-	634 308	(634 308)	393 108	(393 108)
	6 293 008	4 805 749	1 487 259	12 104 351	(5 811 343)

Details of the results per segmental classification of capital expenditure are included in Appendix "C", together with a cryptic explanation of significant variances of more than 5% from budget, are included in Appendix "E (2)".

6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2011 amounted to R93 699 771(30 June 2010: R101 868 696) and is made up as follows:

Capital Replacement Reserve	2 987 535
Accumulated Surplus	99 666 752
	<u>102 654 287</u>

The Capital Replacement Reserve replaces the previous statutory funds, like the Capital Development Fund, and is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability of cash, is made to the reserve.

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

Refer to Note 18 and the Statement of Change in Net Assets for more detail.

7 RETIREMENT BENEFIT LIABILITIES

The outstanding amount of Retirement Benefit Liabilities as at 30 June 2011 was R4 023 000 (30 June 2010: R2 780 000).

This liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

Refer to Note 15 for more detail.

8 NON-CURRENT PROVISIONS

Non-current Provisions amounted R139 770 as at 30 June 2011 (30 June 2010: R139 770) and is made up as follows:

Provision for Long-term Service	135 816
	<u>2 694 017</u>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Note 16 for more detail.

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REPORT OF THE CHIEF FINANCIAL OFFICER

9 CURRENT LIABILITIES

Current Liabilities amounted R 8 619 551 as at 30 June 2011 (30 June 2010: R8 659 006) and is made up as follows:

Consumer Deposits	Note 11	265 287
Provisions	Note 12	728 369
Creditors	Note 13	404 140
Unspent Conditional Grants and Receipts	Note 14	6 302 090
Bank Overdraft	Note 5	919 665
		<u>8 619 551</u>

Non-current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

10 PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R 102 997 986 as at 30 June 2011 (30 June 2010: R 108 716 586).

Refer to Note 7 and Appendices "B, C and E (2)" for more detail.

11 INTANGIBLE ASSETS

The net value of Intangible Assets were R 418 702 as at 30 June 2011 (30 June 2010: R 73 643).

These are assets which cannot physically be identified and verified and are in respect of computer software and water rights / servitudes obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 8 for more detail.

12 INVESTMENTS

The municipality held Investments to the value of R7 246 487 as at 30 June 2011 (30 June 2010: R9 786 359).

The bulk of these investments are ring-fenced for purposes of the Capital Replacement Reserve, Unspent Conditional Grants and security for Long-term Liabilities, with the result that no significant amounts are available for own purposes.

Refer to Note 5 for more detail.

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REPORT OF THE CHIEF FINANCIAL OFFICER

13 CURRENT ASSETS

Current Assets amounted R 14 920 259 as at 30 June 2011 (30 June 2010: R16 732 260) and is made up as follows:

Inventory	Note 2	122 477
Trade Receivables from Exchange Transactions	Note 3	991 661
Trade Receivables from Non-Exchange Transactions	Note 4	6 436 200
Bank Balances and Cash	Note 5	<u>7 248 537</u>
		<u>14 835 297</u>

The substantial increase is due to the provision for consumption of metered services from the last reading date to 30 June 2011. Council's Credit Control Policy will have to be applied strictly and adhered to in all circumstances in order to recover monies due to the municipality. The non-collection of debt also has a negative impact on the municipality's cash flow.

Refer to the indicated Notes for more detail.

14 INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 14 and 23, and Appendix "F" for more detail.

15 EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 44.

16 EXPRESSION OF APPRECIATION

We are grateful to the Executive Mayor, members of the Mayoral Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

CHIEF FINANCIAL OFFICER

A Groenewald

31 August 2011

LAINGSBURG MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 June 2011

	Note	2011 R	2010 R
ASSETS			
Current Assets		14 835 297	16 626 438
Inventory	2	122 477	206 000
Trade Receivables from Exchange Transactions	3	991 661	499 680
Trade Receivables from Non-Exchange Transactions	4	6 436 200	4 283 503
Cash and Cash Equivalents	5	7 248 537	11 605 177
Current Portion of Long-term Receivables from Exchange transac	10	36 422	32 079
Non-Current Assets		105 095 363	110 855 396
Property, Plant and Equipment	7	102 997 986	108 716 586
Intangible Assets	8	418 702	73 643
Investment Property	9	1 591 600	1 952 000
Operating Lease Receivables	6	2 113	7 344
Long-term Receivables from exchange transactions	10	84 962	105 823
Total Assets		119 930 660	127 481 835
LIABILITIES			
			7 378 385.88
Current Liabilities		8 619 551	8 659 006
Consumer Deposits	11	265 287	242 713
Provisions	12	728 369	486 214
Creditors	13	404 140	2 986 872
Unspent Conditional Grants and Receipts	14	6 302 090	4 943 207
Bank Overdraft	5	919 665	-
Non-Current Liabilities		6 650 017	5 252 525
Retirement Benefit Liabilities	15	3 956 000	2 722 000
Non-current Provisions	16	2 694 017	2 530 525
Total Liabilities		15 269 568	13 911 531
Total Assets and Liabilities		104 661 092	113 570 304
NET ASSETS			
		104 614 450	113 570 304
Statutory Funds	17	1 960 163	2 161 891
Accumulated Surplus / (Deficit)	18	102 654 287	111 408 413
Total Net Assets		104 614 450	113 570 304

LAINGSBURG MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 June 2011

		Actual		Budget
	Note	2011 R	2010 R	2011 R
REVENUE				
Revenue from Non-exchange Transactions				
Property Rates	19	1 616 783	1 794 372	1 809 529
Property Rates - Penalties imposed and collection charges	20	6 449	2 867	3 900
Fines		972 313	1 271 389	771 250
Licences and Permits		263 439	102 058	152 000
Income for Agency Services		98 298	98 613	80 000
Government Grants and Subsidies Received	23	12 388 068	13 738 985	9 658 850
Public Contributions and Donations	24	-	125 257	-
Revenue from Exchange Transactions				
Service Charges	21	9 149 159	7 835 750	9 413 310
Rental of Facilities and Equipment	22	541 630	532 530	481 781
Interest Earned - External Investments	20	577 286	796 571	750 000
Interest Earned - Outstanding Debtors	20	108 537	75 729	40 950
Other Income	25	233 857	206 814	594 480
Total Revenue		25 955 819	26 580 935	23 756 050
EXPENDITURE				
Employee Related Costs	26	9 748 173	7 290 173	9 724 480
Remuneration of Councillors	27	2 194 354	2 219 128	2 367 902
Collection Costs		24 704	614	5 000
Depreciation and Amortisation	28	10 224 595	3 294 350	6 164 325
Impairment Losses	29	30 362	703 902	148 000
Repairs and Maintenance		868 528	1 020 695	1 313 400
Bulk Purchases	30	3 779 121	2 815 242	3 695 435
Contracted Services		373 021	1 293 936	735 000
Grants and Subsidies Paid	31	1 447 342	1 788 440	2 082 628
Research and Development Costs		-	-	-
General Expenses	32	6 241 243	6 297 382	6 291 560
Total Expenditure		34 931 445	26 723 863	32 527 730
OTHER REVENUE / EXPENDITURE INCURRED				
TRANSFERS				
Transfer From Surplus Funds		-	-	2 606 862
Transfer From Housing fund		-		493
Transfer Depreciation				6 164 325
SURPLUS / (DEFICIT) FOR THE YEAR		(8 975 626)	(142 928)	-
Refer to Appendix E(1) for explanation of budget variances				

Refer to Appendix E(1) for explanation of budget variances

LAINGSBURG MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 June 2011

Description	Housing Development Fund	Total for Accumulated Surplus/(Deficit) Account	Total
2010	R	R	R
Balance at 30 June 2009	2 216 111	47 262 787	49 478 898
Change in Accounting Policy (Note 33.2)		66 497 239	66 497 239
Correction of Error (Note 34)		(2 390 755)	(2 390 755)
Restated Balance	2 216 111	111 369 271	113 585 382
Surplus / (Deficit) for the year	(54 220)	(88 709)	(142 929)
Net gains / (losses) not recognised in the Statement of Financial Performance	-	127 852	127 852
Property, Plant and Equipment purchased		-	-
Grants utilised to obtain PPE		-	-
Offsetting of Depreciation		-	-
Balance at 30 June 2010	2 161 891	111 408 414	113 570 305
2011			
Restated Balance	2 161 891	111 408 414	113 570 305
Surplus / (Deficit) for the year	(201 725)	(8 773 901)	(8 975 626)
Journal during year	-	19 775	19 775
Property, Plant and Equipment purchased		-	-
Grants utilised to obtain PPE		-	-
Offsetting of Depreciation		-	-
Balance at 30 June 2011	1 960 166	102 654 288	104 614 454
		(0 00)	

Details on the movement of the Funds and Reserves are set out in Note 17 & 18.

LAINGSBURG MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 June 2011

	Note	2011 R	2010 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from Ratepayers, Government and Other		23 716 787	27 075 404
Cash paid to Suppliers and Employees		(25 425 315)	(21 198 322)
Cash generated from / (utilised in) Operations	34	(1 708 529)	5 877 081
Interest received	19	692 272	875 167
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		(1 016 257)	6 048 346
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(4 323 209)	(6 221 205)
(Increase) / decrease in Long-term Receivables		16 519	429
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		(4 306 690)	(6 220 776)
		(46 642)	(0)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(5 276 305)	(172 430)
		-	-
Cash and Cash Equivalents at the beginning of the year		11 605 177	11 777 606
Cash and Cash Equivalents at the end of the year		6 328 872	11 605 177

LAINGSBURG MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations,

1. 1 CHANGES IN ACCOUNTING POLICY AND COMPARABILITY

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the years ended 30 June 2010 and 30 June 2011 the municipality has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in

The municipality changes an accounting policy only if the following instances:

(a) is required by a Standard of GRAP; or

(b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position,

1. 2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS

In the application of the municipality's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1. 2. 1 Revenue Recognition

Accounting Policy 10.2 on *Revenue from Exchange Transactions* and Accounting Policy 10.3 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

1. 2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS (continued)

1. 2. 1 Revenue Recognition (continued)

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: *Revenue from Exchange Transactions* and

1. 2. 2 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. Accounting Policy 7.1 on *Financial Assets Classification*

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in IAS 32:

1. 2. 3 Impairment of Financial Assets

Accounting Policy 7.4 on *Impairment of Financial Assets* describes the process followed to determine the value by which financial assets should be impaired. In making the

Impairment of trade receivables

1. 2. 4 Useful lives of Property, Plant and Equipment, Intangible assets and Investment property

As described in Accounting Policies 3.3, 4 and 5 the municipality depreciates/ amortises its property, plant and equipment, investment property and intangible assets over the

1. 2. 5 Impairment: Write down of Property, Plant and Equipment and Inventories

Accounting Policy 3.9 on *PPE - Impairment of assets* and Accounting Policy 4.2 on *Intangible assets - Subsequent Measurement, Amortisation and Impairment* and Accounting

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in

1. 2. 6 Defined Benefit Plan Liabilities

As described in Accounting Policy 12, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were

1. 2. 7 Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect

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1. 3 PRESENTATION CURRENCY

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand, which is the municipality's functional currency.

1. 4 GOING CONCERN ASSUMPTION

The Annual Financial Statements have been prepared on a going concern basis.

1. 5 OFFSETTING

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1. 6 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18 Segment Reporting - issued March 2005
GRAP 21 Impairment of Non-cash-generating Assets - issued March 2009
GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
GRAP 25 Employee Benefits - issued December 2009
GRAP 26 Impairment of Cash-generating Assets - issued March 2009
GRAP 103 Heritage Assets - issued July 2008
GRAP 104 Financial Instruments - October 2009

The Minister of Finance announced that the application of GRAP 21, GRAP 23, GRAP 24, GRAP 26, GRAP 103 will be effective for period starting after 1 April 2012. All other Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

The ASB Directive 5 paragraph 29 sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out The Municipality applied the principles established in the following Standards of GRAP that have been issued, but is not yet in effect, in developing an appropriate accounting

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant

2. ACCUMULATED SURPLUS

Included in the accumulated surplus of the municipality, are the following reserve that are maintained in terms of specific requirements:

2. 1 Housing development fund/Housing operating account

Sections 15(5) and 16 of the Housing Act, (Act No. 107 of 1997), which came into operation on 1 April 1998, required

2. 2 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated,

3. PROPERTY, PLANT AND EQUIPMENT

3. 1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others,

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the

3. 1 Initial Recognition (Continued)

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major

3. 2 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the

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Subsequently all property plant and equipment, including for Infrastructure Assets, are measured at cost (or deemed cost), less accumulated depreciation and accumulated

Infrastructure assets are stated at the depreciated replacement cost.

Subsequent to initial recognition, land and buildings are carried at a revalued amount based on municipal valuations, less any subsequent accumulated depreciation and subsequent Previously, land and buildings were carried at cost less accumulated depreciation and impairment losses. These changes are recorded as a change in accounting policy in the An increase in the carrying amount of land and buildings as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a When revalued assets are sold or retired, the amounts included in the revaluation reserve in respect of that assets, are transferred to accumulated surplus or deficit.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes

3. 3 Depreciation

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost

Depreciation only commences when the asset is available for use, unless stated otherwise.

	Years		Years
Infrastructure		Buildings	10 - 25
Roads and Paving	10 - 50		
Electricity	10 - 50	Other	
Water	5 - 40	Specialist Vehicles	5 - 20
Sewerage	15 - 40	Other Vehicles	5 - 10
Landfill Sites	10 - 30	Office Equipment	2 - 7
		Furniture and Fittings	5 - 10
Community		Watercraft	5 - 15
Recreational Facilities	10 - 25	Bins and Containers	5 - 15
Security	10	Specialised Plant and Equipment	5 - 10
		Other items of Plant and Equipment	2 - 10

The assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

3. 4 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

3. 5 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant

3. 6 Heritage Assets

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to uncertainty regarding their estimated useful lives. The Subsequent to measurement, heritage assets are carried at cost less impairment losses.

3. 7 Land

Land is not depreciated as it is deemed to have an indefinite useful life.

3. 8 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment.

3. 9 Housing Development Fund Assets

The Housing Development Fund contains letting schemes that is included in Council's Property Plant and Equipment. All surpluses generated from the letting schemes are

3. 10 Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal

4. INTANGIBLE ASSETS

4. 1 Initial Recognition

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Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred. Costs

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not

4. 1 Initial Recognition (continued)

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and

4. 2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, an intangible asset are carried at its cost less any accumulated amortisation and any accumulated impairment losses.

After initial recognition, intangible assets are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortisation and any Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at a later date.

In terms of GRAP 102, intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied

4. 3 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain

5. INVESTMENT PROPERTY

5. 1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the
- A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use
- Property that is being constructed or developed for future use as investment property;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income
- Property held for strategic purposes or service delivery.

5. 2 Subsequent Measurement - Cost Model

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the

5. .2 Subsequent Measurement - Fair Value Model

Investment property is measured using the fair value model. Investment property is carried at fair value, representing open market value determined annually by external valuers at

5. 3 Derecognition

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use

5. 4 Transitional Provisions

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The fair values of investment properties recognised in terms of GRAP 16 have been disclosed for the financial year ended 30 June (and retrospectively where practicable) in

6. IMPAIRMENT OF ASSETS

6. 1. *Impairment of Cash generating assets*

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the asset, the best evidence of fair value less cost to sell is the price in a binding sale agreement in an arms length transaction, adjusted for the incremental cost that would be directly attributable to the asset. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment of assets carried at revalued amount reduces the revaluation surplus for that asset. The decrease

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

6. 2. *Impairment of Non-Cash generating assets*

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued

An impairment loss is recognised for non cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an

Transitional provisions

The estimated useful lives and depreciation methods have been reviewed for the year ended 30 June 2011 (and applied retrospectively where practicable), and any changes therein

7. FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or equity instruments in accordance

Initial recognition

Fair value methods and assumptions

The effective interest rate method

Amortised cost

7. 1 Financial Assets - Classification

A financial asset is any asset that is a cash or contractual right to receive cash.

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows into the four categories allowed by this standard:

Loans and Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except

Held-to-Maturity Investments are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the

Financial assets at fair value through profit or loss are financial assets that meet either of the following conditions: (Moet bullet wees)

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- they are classified as held for trading; or
- upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

Available for sale investments are financial assets that are designated as available for sale or are not classified as: (Moet bullet wees)

- Loans and Receivables;
- Held-to-Maturity Investments; or
- Financial assets at fair value through profit and loss

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

Type of Financial Asset	Classification in terms of IAS 39.09
Short-term Investment Deposits – Call	Held-to-maturity investments
Bank Balances and Cash	Loans and receivables
Long-term Receivables	Loans and receivables
Consumer Debtors	Loans and receivables
Other Debtors	Loans and receivables
Investments in Fixed Deposits	Held-to-maturity investments

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into

7 1 Financial Liabilities - Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on

- Long-term Liabilities
- Certain Other Creditors (see note 9)
- Bank Overdraft
- Short-term loans
- Current Portion of Long-term Liabilities
- Consumer Deposits

There are three main categories of *Financial Liabilities*, the classification determining how they are measured. Financial liabilities may be measured at:

- (i) Fair value through profit or loss; or
- (ii) Other financial liabilities (Financial liabilities measured at amortised cost)
- (iii) Financial guarantee contract

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or

Any other financial liabilities are classified as "Other financial liabilities" in accordance with IAS 39.09

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

7 2 Initial and Subsequent Measurement

7 2. 1 Financial Assets:

Held-to-maturity Investments are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, assets are measured at amortised cost using the *Effective Interest Method* less any impairment, with interest recognised on an effective yield basis. .

Available-for-Sale Financial Assets are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains

7 2. 2 Financial Liabilities:

Financial liabilities

Financial liabilities that are measured at fair value through profit or loss are measured at fair value through profit or loss are stated at fair value, with any resulted gain or loss

Financial Liabilities held at amortised cost

Any other financial liabilities are classified as "Other financial liabilities" (All payables, loans and borrowings are classified as other liabilities) and are initially measured at fair value, Prepayments are carried at cost less any accumulated impairment losses.

Financial guarantee contract

Financial guarantee contracts represent contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to

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7. 3 Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired

Available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in net assets and there is objective evidence that the asset is impaired, the

Financial assets carried at amortised cost

Accounts receivables encompass long term debtors, consumer debtors and other debtors.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt

A provision for impairment of accounts receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the

Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets carried at amortised cost with the exception of consumer debtors, where

With the exception of Available-for-Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to

7. 4 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its

7. 5 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

8 INVENTORIES

8 1 Initial Recognition

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

8 2 Subsequent Measurement

8.2.1 Consumable stores, raw materials, work-in-progress and finished goods

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value (net amount that an entity expects to realise from the

8.2.2 Water inventory

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has

8.2.3 Unsold properties

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable

8.2.4 Other Arrangements:

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for

Transitional provisions

The net realisable value of inventory recognised in terms of GRAP 12 have been disclosed for the financial year ended 30 June in accordance with the requirements of GRAP 12,

9. NON-CURRENT ASSETS HELD-FOR-SALE

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9. 1 Initial Recognition

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing

9. 2 Subsequent Measurement

Non-current Assets (and Disposal Groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

The gain or loss on the eventual sale of non-current assets held for sale is included in the Statement of Financial

10. REVENUE RECOGNITION

10. 1 General

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in

10. 2 Revenue from Exchange Transactions

10. 2. 1 Service Charges

Service charges relating to solid waste, sanitation and sewage are levied in terms of the approved tariffs.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

10. 2. 2 Pre-paid Electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end based on the average

10. 2. 3 Finance income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in the Statement of Financial Performance:

10. 2. 4 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes

10. 2. 5 Income from Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency

10. 2. 6 Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

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- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

10. 2. 7 Rentals

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

10. 2. 8 Dividends

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with

10. 2. 9 Royalties

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties

10. 3 Revenue from Non-exchange Transactions

10. 3. 1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable.

10. 3. 2 Fines

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with management's best estimate of

10. 3. 3 Public contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and

10. 3. 4 Government Grants and receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional Grants and receipts

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or

10. 3. 5 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance

11. PROVISIONS

Provisions for environmental restoration, rehabilitation, restructuring costs and legal claims are recognised when the municipality has a present legal or constructive obligation as a

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of

12. EMPLOYEE BENEFITS

12. 1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised

The municipality treats its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is

12. 2 Post employment benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post employment plans.

12. 2. 1 Defined Contribution Plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of

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FOR THE YEAR ENDED 30 JUNE

12. 3 Defined Benefit Plans

A **defined benefit plan** is a post-employment benefit plan other than a defined contribution plan.

12. 3. 1 Post-retirement Health Care Benefits:

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past

Actuarial gains or losses are accounted for using the “corridor method”. Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of

12. 3. 2 Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the

12. 3. 3 Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds

12. 3. 4 Defined benefit pension plans

The municipality has an obligation to provide Post-retirement pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less Actuarial gains or losses are accounted for using the “corridor method”. Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the

Where the Municipality develops an accounting policy in accordance with GRAP 25, the treatment of actuarial gains and losses, as well as past service cost will be as follows:
Actuarial gains or losses recognised immediately in the Statement of Financial Performance.

13. LEASES

Lease Classification

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

13. 1 The Municipality as Lessee

Finance leases

Where the Municipality enters into a finance lease, Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The

Operating leases

The municipality recognises operating lease rentals as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease. The

13. 1 The Municipality as Lessee (continued)

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a

13. 2 The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

13. 3 Determining whether an arrangement contains a lease

At inception of an arrangement, the Municipality determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the

14. BORROWING COSTS

The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established - the

The municipality ceases to capitalise borrowing costs when substantially all the activities necessary to prepare the qualifying assets for its intended use has been completed.

15. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

16. VALUE ADDED TAX

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Sec15(2)(a) of the Value-Added Tax Act No 89 of 1991.

17. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government,

18. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office

19. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is

20. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to

21. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or

22. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are

23. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions.

24. COMPARATIVE INFORMATION

24. 1 Current year comparatives:

Budgeted amounts (where available) have, in accordance with GRAP 1, been provided to these financial statements and forms part of the Annual Financial Statements.

24. 2 Prior year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the

25. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more

26. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

27. CAPITAL COMMITMENTS

LAINGSBURG MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

2011
R

2010
R

1. GENERAL INFORMATION

Laingsburg Municipality is a local government institution in, Western Cape. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by The Constitution.

2 INVENTORY

Milk Powder - at cost	8 316	24 098
Crusher Stone	59 436	181 902
Water - at cost	54 724	-
Total Inventory	122 477	206 000

Inventories are held for own use with the result that no write downs of Inventory to Net Realisable Value were required.

3 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances	Provision for Impairment	Net Balances
As at 30 June 2011	1 454 305	511 034	943 271
Service Debtors:	483 151	97 021	386 130
Electricity	319 992	183 674	136 318
Refuse	298 455	697	297 758
Sewerage	352 707	229 641	123 066
Other Debtors	48 391	-	48 391
	1 502 696	511 034	991 661

Total Consumer Debtors

	Gross Balances	Provision for Impairment	Net Balances
As at 30 June 2010	796 638	296 958	499 680
Service Debtors:	759 471	296 958	462 513
VAT Receivable	37 167	-	37 167
Other Debtors	796 638	296 958	499 680

Total Consumer Debtors

The municipality receives applications that it processes. Deposits are required to be paid for all water and electricity accounts opened. There are no consumers who represent more than 5% of the total balance of Consumer Debtors.

3.1 Ageing of Consumer Debtors

As at 30 June 2011

	Current:	Past Due:				Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	91 - 120 Days	+ 120 Days	
<i>Electricity</i>	-	371 870	2 737	12 725	95 819	483 151
<i>Less Provision for Impairment</i>				1 202	95 819	97 021
Total	-	371 870	2 737	11 523	-	386 130
<i>Refuse</i>	-	72 696	42 151	21 630	183 515	319 992
<i>Less Provision for Impairment</i>				159	183 515	183 674
Total	-	72 696	42 151	21 471	-	136 318
<i>Sewerage</i>	112 938	22 205	18 352	144 960	-	298 454
<i>Less Provision for Impairment</i>				697		697
Total	112 938	22 205	18 352	144 263	-	297 757
<i>Water</i>	-	58 252	42 695	22 314	229 447	352 708
<i>Less Provision for Impairment</i>				195	229 447	229 642
Total	-	58 252	42 695	22 119	-	123 066
<i>Loan Instalments:</i>		48 391				48 391
<i>Less Provision for Impairment</i>						-
Total	-	48 391	-			48 391
	112 938	573 414	105 935	199 376	-	991 661

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

	2011 R	2010 R
3.2 Reconciliation of the Provision for Impairment		
Balance at beginning of year	296 958	0
Impairment Losses recognised	214 076	296 958
Balance at end of year	511 034	296 958

The management of the municipality is of the opinion that the carrying value of Consumer Debtors approximate their fair values. Provision for impairment of Consumer Debtors has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Consumer Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

No financial assets have been pledged as security for the borrowings.

VAT is payable on the receipt basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

4 TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Government Claims	3 640 683	2 353 288
Sundry Deposits	39 846	33 243
Sundry Debtors	410 958	392 603
Assessment Rates	1 659 936	1 394 248
Vat Receivable	1 016 350	631 065
	6 767 773	4 804 446
Less: Provision for Impairment	(331 573)	(520 944)
Total Other Debtors	6 436 200	4 283 503

The average credit period for Government Grants and Subsidies is dependent on the Government Department involved and the nature of the claim. No interest is charged on outstanding Government Grants and Subsidies. The subsidies is payable to the municipality due to allocations made in the DORA or based on agreements between the municipality and the relevant departments.

The management of the municipality is of the opinion that the carrying value of Other Debtors approximate their fair values. The fair value of Other Debtors was determined after considering the standard terms and conditions of agreements entered into between the municipality and National / Provincial Departments as well as Other Debtors. The current payment ratio's of Other Debtors were also taken into account for fair value determination.

4.1 Reconciliation of Provision for Impairment

Balance at beginning of year	520 944	114 000
Impairment Losses recognised	(189 371)	406 944
Balance at end of year	331 573	520 944

The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and by calculating the historical payment ratios for the groupings and by assuming that the future payment ratios would be similar to the historical payment ratios.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

2011
R

2010
R

In determining the recoverability of a Rates Assessment Debtor and another receivables from non-exchange transactions, the municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Rates Assessment Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

4.2 Ageing of trade receivables from non-exchange transactions

As at 30 June 2011	Current:	Past Due:				Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	91 - 120 Days	+ 120 Days	
Assessment Rates debtors	2 073	-	-	1 588 479	69 383	1 659 936
Less Provision for Impairment				262 190	69 383	331 573
Total	2 073	-	-	1 326 289	-	1 328 363
Total	2 073	-	-	1 326 289	-	1 328 363

5 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents	7 248 537	9 786 359
Bank	(919 665)	1 818 818
Total Cash and Cash Equivalents	6 328 872	11 605 177

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

5.1 Current Investment Deposits

Grants	2 591 236	-
Accumulated Surplus	-	1 276 101
Compensation Act	73 018	37 018
Taxi Parking	-	602 311
Electricity :108 Houses	-	183 511
Special Development	-	204 913
Sewerage Master Plan	-	92 140
Capital Replace Reserve	2 987 536	3 758 590
Housing Fund	569 293	368 541
Electricity Tariffs	-	20 000
Water	-	74 601
Staff Leave	409 083	291 888
Long Service Bonus	211 314	139 765
Performance Bonus	107 724	99 298
Bulk Water Services	-	205 428
Bus routes	-	79 944
Deposits	31 996	16 787
Sport	-	5 937
Consumer Services	265 287	242 708
High Mast Lighting	-	68 752
Environmental Matters	-	1 205
Masibebane	-	410 356
Soup Kitchen	-	2 595
Water Matjiesfontein	-	331 923
Southkloof Rehabilitation	-	349 465
Monitoring Water	-	328 074
	-	593 159
Total Current Investment Deposits	7 246 487	9 785 009

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 6 % per annum.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

2011	2010
R	R

Deposits of R 2 591 236 (2010: R 4 087 315) are ring-fenced and attributable to Unspent Conditional Grants.

Deposits of R 2 987 536 (2010: R 3 758 590) are ring-fenced and attributable to the Capital Replacement Reserve.

The Municipality has the following bank accounts:

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

2011
R

2010
R

5.2 Bank Accounts

Primary Bank Account

Bank	(919 665)	1 818 518
Total Bank Accounts	<u>(919 665)</u>	<u>1 818 518</u>

The Municipality has the following bank accounts:

ABSA -Laingsburg Account Number 2540140874

Cash book balance at beginning of year	1 818 518	1 181 294
Cash book balance at end of year	<u>(919 665)</u>	<u>1 818 518</u>
Bank statement balance at beginning of year	1 778 119	1 141 503
Bank statement balance at end of year	<u>620 041</u>	<u>1 778 119</u>

Interest on overdrawn current accounts are charged at the banker's prime rate plus two percent per annum. Interest is earned at different rates per annum on favourable balances.

5.3 Cash and Cash equivalents

Cash Floats and Advances	2 050	1 350
Cash on hand in Cash Floats, Advances and Equivalents	<u>2 050</u>	<u>1 350</u>

The management of the municipality is of the opinion that the carrying value of Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

6 OPERATING LEASE RECEIVABLES

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

Opening balance	(7 344)	(14 656)
Operating Lease payments effected	5 231	7 312
Total Operating Lease Assets	<u>(2 113)</u>	<u>(7 344)</u>

6.1 Leasing Arrangements

The Municipality as Lessor:

The municipality had no long-term arrangements to be classified as operating lease agreements for the two financial years.

6.2 Amounts receivable under Operating Leases

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	23 270	46 540
2 to 5 years	-	23 270
More than 5 years	-	-
Total Operating Lease Arrangements	<u>23 270</u>	<u>69 810</u>

No restrictions have been imposed by the municipality in terms of the operating lease agreements.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

7 PROPERTY, PLANT AND EQUIPMENT
30 June 2011

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Development Fund	Total
	R	R	R	R	R	R	R
Carrying values at 01 July 2010	20 596 131	85 271 470	206 352	43 354	1 614 113	985 167	108 716 586
Cost	35 033 167	219 190 262	573 200	43 354	6 387 826	2 955 500	264 183 309
- Completed Assets	35 033 167	219 190 262	573 200	43 354	6 387 826	2 955 500	264 183 309
- Under Construction	-	-	-	-	-	-	-
Accumulated Depreciation:	(14 437 036)	(133 918 793)	(366 848)	-	(4 773 713)	(1 970 333)	(155 466 723)
- Cost	(14 437 036)	(133 918 793)	(366 848)	-	(4 773 713)	(1 970 333)	(155 466 723)
- Revaluation	-	-	-	-	-	-	-
Acquisitions	159 824	3 314 480	-	-	608 796	-	4 083 100
Depreciation:	(1 297 054)	(7 578 763)	(22 928)	-	(675 559)	(197 033)	(9 771 337)
- Based on Cost	(1 297 054)	(7 578 763)	(22 928)	-	(675 559)	(197 033)	(9 771 337)
Impairment Losses	(23 668)	(1 759)	-	-	(4 935)	-	(30 362)
Carrying values at 30 June 2011	19 435 231	81 007 187	183 424	43 354	1 547 351	788 133	102 997 986
Cost	35 192 991	222 504 742	573 200	43 354	6 996 622	2 955 500	268 266 409
- Completed Assets	35 192 991	222 504 742	573 200	43 354	6 996 622	2 955 500	268 266 409
Accumulated Impairment Losses	(23 668)	(1 759)	-	-	(4 935)	-	(30 362)
Accumulated Depreciation:	(15 734 091)	(141 497 555)	(389 776)	-	(5 449 272)	(2 167 367)	(165 238 060)
- Cost	(15 734 091)	(141 497 555)	(389 776)	-	(5 449 272)	(2 167 367)	(165 238 060)

30 June 2010

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Development Fund	Total
	R	R	R	R	R	R	R
Carrying values at 01 July 2009	20 633 726	87 875 432	229 280	43 354	2 142 218	1 182 200	112 106 210
Cost	33 891 218	214 357 653	573 200	43 354	5 679 835	2 955 500	257 500 760
- Completed Assets	33 891 218	214 357 653	573 200	43 354	5 679 835	2 955 500	257 500 760
- Under Construction	-	-	-	-	-	-	-
Accumulated Depreciation:	(13 257 492)	(126 482 221)	(343 920)	-	(3 537 617)	(1 773 300)	(145 394 549)
- Cost	(13 257 492)	(126 482 221)	(343 920)	-	(3 537 617)	(1 773 300)	(145 394 549)
Acquisitions	1 141 949	4 832 609	-	-	707 991	-	6 682 550
Depreciation:	(1 179 545)	(7 436 572)	(22 928)	-	(1 236 096)	(197 033)	(10 072 174)
- Based on Cost	(1 179 545)	(7 436 572)	(22 928)	-	(1 236 096)	(197 033)	(10 072 174)
Carrying values at 30 June 2010	20 596 131	85 271 470	206 352	43 354	1 614 113	985 167	108 716 586
Cost	35 033 167	219 190 262	573 200	43 354	6 387 826	2 955 500	264 183 309
- Completed Assets	35 033 167	219 190 262	573 200	43 354	6 387 826	2 955 500	264 183 309
Accumulated Depreciation:	(14 437 036)	(133 918 793)	(366 848)	-	(4 773 713)	(1 970 333)	(155 466 723)
- Cost	(14 437 036)	(133 918 793)	(366 848)	-	(4 773 713)	(1 970 333)	(155 466 723)

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise all the Property, plant and equipment in accordance with GRAP 17 for the financial years up to 30 June 2010.

The municipality has identified and measured all Property, plant and equipment in terms of GRAP 17 for the financial year ended 30 June 2011. The balances of the Property, plant and equipment have been retrospectively restated accordingly.

All infrastructure assets were valued as at 30 June 2011 using the depreciated replacement cost approach.

Refer to Appendices "B, C and E (2)" for more detail on Property, Plant and Equipment, including those in the course of construction.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

	2011 R	2010 R
7 PROPERTY, PLANT AND EQUIPMENT (Continued)		
7.1 Impairment of Property, Plant and Equipment:		
Land and Buildings	23 668	-
Infrastructure: Electricity	218	-
Infrastructure: Water	1 541	-
Community Assets: Recreational Facilities	-	-
Other Assets: Furniture and Fittings	4 935	-
Total Impairment of Property, Plant and Equipment	30 362	-

7.2 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed:

The Municipality measured all its assets in terms of GRAP 17 as at 30 June 2011 and applied measurement retrospectively. Hence no changes in estimates were affected.

8 INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses	418 702	73 643
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The movement in Intangible Assets is reconciled as follows:

	Computer Software
Carrying values at 01 July 2010	73 643
Cost	292 873
Accumulated Amortisation	(219 230)
Acquisitions during the Year:	407 555
Purchased	407 555
Amortisation during the Year:	(62 496)
Purchased	(62 496)
Carrying values at 30 June 2011	418 702
Cost	700 428
Accumulated Amortisation	(281 726)
	Computer Software
Carrying values at 01 July 2009	69 355
Cost	222 096
Accumulated Amortisation	(152 741)
Acquisitions during the Year:	70 777
Purchased	70 777
Amortisation during the Year:	(66 489)
Purchased	(66 489)
Carrying values at 30 June 2010	73 643
Cost	292 873
Accumulated Amortisation	(219 230)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 26).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

2011
R **2010**
R

The municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives. The useful lives of the intangible assets are as follows:

Computer software	2 - 5 years
Master Plan	5 years

Amortisation is charged on a straight-line basis over the intangible assets' useful lives.

No restrictions apply to any of the Intangible Assets of the municipality.

9 INVESTMENT PROPERTY

At Cost less Accumulated Depreciation	1 591 600	1 952 000
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The movement in Investment Property is reconciled as follows:

Carrying values at 1 July	1 952 000	2 312 400
Cost	5 556 000	5 556 000
Accumulated Depreciation	(3 604 000)	(3 243 600)
Depreciation during the Year	(360 400)	(360 400)
Carrying values at 30 June	1 591 600	1 952 000
Cost	5 556 000	5 556 000
Accumulated Depreciation	(3 964 400)	(3 604 000)

Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:

Rental Revenue earned from Investment Property	381 768	344 299
Direct Operating Expenses - incurred to generate rental revenue	1 311 056	1 520 550

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the reliability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

10 LONG-TERM RECEIVABLES

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2011			
Housing - Self build	92 678	-	92 678
Housing - Selling schemes	28 706	-	28 706
	<u>121 384</u>	<u>-</u>	<u>121 384</u>
Less: Current Portion transferred to Current Receivables:-			36 422
Housing - Self build			31 022
Housing - Selling schemes			5 400
Total Long-term Receivables			<u>84 962</u>

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

	Gross Balances R	2011 R Provision for Impairment R	2010 R Net Balances R
As at 30 June 2010			
Housing - Self build	77 104	-	77 104
Housing - Selling schemes	60 799	-	60 799
	<u>137 902</u>	<u>-</u>	<u>137 902</u>
Less: Current Portion transferred to Current Receivables:-			32 079
Housing - Self build			19 485
Housing - Selling schemes			12 594
Total Long-term Receivables			<u><u>105 823</u></u>

HOUSING

As from 01 January 2006 no loan agreements are entered into for the sale of houses. The outstanding loans will be recovered over the remaining period of the individual loan agreements entered into.

The management of the municipality is of the opinion that the carrying value of Long-term Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Long-term Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's debtors.

11 CONSUMER DEPOSITS

Electricity and Water	265 287	242 713
Total Consumer Deposits	<u><u>265 287</u></u>	<u><u>242 713</u></u>

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

12 PROVISIONS

	728 369	486 214
Performance Bonuses	107 724	99 303
Long Service Bonus	71 544	-
Staff Leave	409 083	291 893
Insurance WCA	73 018	37 018
Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 15)	67 000	58 000
Total Provisions	<u><u>728 369</u></u>	<u><u>486 214</u></u>

13 CREDITORS

Retention	-	58 381
Debtors in Credit	161 964	35 919
Sundry Deposits	31 996	41 950
Other Creditors	210 180	2 850 623
Total Creditors	<u><u>404 140</u></u>	<u><u>2 986 872</u></u>

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

2011
R

2010
R

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

2011
R **2010**
R

The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

14 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

14.1 Conditional Grants from Government

National Government Grants

Total Conditional Grants and Receipts

6 302 090	4 943 207
<u>6 302 090</u>	<u>4 943 207</u>
6 302 090	4 943 207

The amount for Unspent Conditional Grants and Receipts are deposited in ring-fenced investment accounts until utilised.

See Note 23 for the reconciliation of Grants from Other Spheres of Government. The Unspent Grants are cash backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Refer to Appendix "F" for more detail on Conditional Grants.

15 RETIREMENT BENEFIT LIABILITIES

15.1 Post-retirement Health Care Benefits Liability

Balance at beginning of Year	2 780 000	2 098 000
Contributions to Provision	1 304 000	727 000
Expenditure incurred	(61 000)	(45 000)
Balance at end of Year	<u>4 023 000</u>	<u>2 780 000</u>
Transfer to Current Liabilities	(67 000)	(58 000)
Total Post-retirement Health Care Benefits Liability	<u>3 956 000</u>	<u>2 722 000</u>

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2011 by Alexander Forbes Health (Pty) Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	20	20
Continuation Members (Retirees, widowers and orphans)	2	2
Total Members	<u>22</u>	<u>22</u>

The liability in respect of past service has been estimated as follows:

In-service Members	2 749 000	1 676 000
Continuation Members	1 274 000	1 104 000
Total Liability	<u>4 023 000</u>	<u>2 780 000</u>

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Key health

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

	2011 R	2010 R
The principal assumptions used for the purposes of the actuarial valuations were as		
Health Care Cost Inflation Rate	0	0
Expected Rate of Salary Increase	0	0
Expected Retirement Age - Females	60	65
Expected Retirement Age - Males	60	60
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	2 780 000	2 098 000
Current service costs	150 000	127 000
Interest cost	254 000	197 000
Benefits paid	(61 000)	(45 000)
Actuarial losses / (gains)	900 000	403 000
Present Value of Fund Obligation at the end of the Year	4 023 000	2 780 000
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	4 023 000	2 780 000
Deficit	4 023 000	2 780 000
Total Benefit Liability	4 023 000	2 780 000
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	150 000	127 000
Interest cost	254 000	197 000
Actuarial losses / (gains)	-	403 000
Total Post-retirement Benefit included in Employee Related Costs (Note 25)	404 000	727 000
The municipality expects to make a contribution of R584 000 (2010: R404 000) to the Defined Benefit Plans during the next financial year.		
Refer to Note 40 "Multi-employer Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.		
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	153 000	104 000
Effect on the defined benefit obligation	952 000	630 000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(116 000)	(78 000)
Effect on the defined benefit obligation	(725 000)	(482 000)

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

	2011 R	2010 R
16 NON-CURRENT PROVISIONS		
Provision for Long Service Awards	135 816	139 770
Provision for Rehabilitation of Land-fill Sites	2 558 201	2 390 755
Total Non-current Provisions	2 694 017	2 530 525

The movement in Non-current Provisions are reconciled as follows:

	Long Service Awards R	Rehabilitation of Land - fill Sites
30 June 2011		
Balance at beginning of year	139 770	2 390 755
Contributions to provision	67 590	167 446
	207 360	2 558 201
Transfer to current provisions	(71 544)	
Balance at end of year	135 816	2 558 201
30 June 2010		
Balance at beginning of year	100 907	2 234 270
Contributions to provision	38 863	156 485
Reduction due to re-measurement	139 770	2 390 755
Balance at end of year	139 770	2 390 755

16.1 Long Service Awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service and every 5 years thereafter to employees. Furthermore a Retirement Gift is payable on retirement to employees with 10 years or more service. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

16.2 Rehabilitation of Land-fill Sites

In terms of licensing of the landfill refuse site, the municipality will incur rehabilitation costs of R2,558 million to restore the site at the end of its useful life, estimated to be 25 years.

17 STATUTORY FUNDS

Housing Development Fund:	1 960 163	2 161 891
Balance 30 June	1 960 163	2 161 891
Total Statutory Funds	1 960 163	2 161 891

17.1 Housing Development Fund

The Housing Development Fund has its origin from Loans extinguished by Government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate Unappropriated Surplus Account for housing transactions was kept.

The Housing Development Fund contains all proceeds from housing developments, which include rental income and sale of houses. Monies standing to the credit of the Housing Development Fund are used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

	2011 R	2010 R
Reconciliation of the Housing Development Fund:		
Balance at beginning of year	2 161 891	2 216 111
Expenditure incurred:	(201 728)	(54 220)
Expenditure	<u>(201 728)</u>	<u>(54 220)</u>
Balance at end of year	<u>1 960 163</u>	<u>2 161 891</u>
The Housing Development Fund is represented by the following Assets and Liabilities:		
Revaluation of Assets	1 076 737	1 076 737
Instalment Sales Debtors	-	163 550
Advances 108 Houses	560 254	563 461
Cash and Cash Equivalents	323 175	358 143
Total Housing Development Fund Assets and Liabilities	<u>1 960 166</u>	<u>2 161 891</u>

18 ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Capital Replacement Reserve (CRR)	2 987 535	3 758 590
Accumulated Surplus / (Deficit) due to the results of Operations	99 666 752	107 649 822
Total Accumulated Surplus	<u>102 654 287</u>	<u>111 408 412</u>

The **Capital Replacement Reserve** is a reserve to finance future capital expenditure and is fully invested in ring-fenced Financial Instrument Investments.

19 PROPERTY RATES

	Property Valuations		Actual Levies	
	July 2011 R000's	July 2010 R000's		
Laingsburg	155462	150 289	1 012 826	1 114 015
Matjiesfontein	5393	4 457	35 055	32 402
Agricultural	521749	574 221	3 468 308	3 445 331
Total Assessment Rates	<u>682 604</u>	<u>728 967</u>	<u>4 516 188</u>	<u>4 591 748</u>
				2 797 376
Less Discount			(2 899 405)	(2 797 376)
			<u>1 616 783</u>	<u>1 794 372</u>

Assessment Rates are levied on the value of land and improvements, which valuation is performed every four years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The last valuation came into effect on 1 July 2009. An interim valuation has been performed during the financial year and was applied with effect 1 July 2010.

A uniform rate of 6.500 c/R (2009/2010: 6.0c/R) is applied on property valuations in terms of the Property Rates Act to determine assessment rates.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

A rebate of 75,00% (2009/2010: 75,00%) was allowed on agricultural properties whilst a discount of 20,00% (2009/2010: 20,00%) was granted on properties owned by the State.

Rates are levied monthly on property owners and are payable the 7th of each month. Property owners can request that the full amount for the year be raised in July in which case the amount has to be paid by 30 September. Interest is levied at a rate determined by council on outstanding rates amounts.

20 INTEREST EARNED

Property Rates:

Penalties imposed and Collection Charges	6 449	2 867
	6 449	2 867

External Investments:

Bank Account	86 019	-
Investments	491 267	796 571
	577 286	796 571

Outstanding Debtors:

Outstanding Billing Debtors	108 537	75 729
	108 537	75 729

Total Interest Earned

Interest Earned on Financial Assets, analysed by category of asset, is as follows:

Available-for-Sale Financial Assets	577 286	796 571
Loans and Receivables	114 986	78 596
	692 272	875 167
	-	-
	692 272	875 167

21 SERVICE CHARGES

Sale of Electricity	5 548 149	4 459 204
Sale of Water	1 241 819	1 194 510
Refuse Removal	1 107 951	977 925
Sewerage and Sanitation Charges	1 251 241	1 204 111

Total Service Charges

9 149 159	7 835 750
------------------	------------------

Attributable to:

Continuing Operations	9 149 159	7 835 750
	9 149 159	7 835 750

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

Water Losses

Laingsburg Municipality experience major problems with water losses which originated from the floods in 1981 (Laingsburg last 3 years 65 % losses and Matjiesfontein last 3 years 97 % losses). An investigation was done to try to find the cause of these water losses. The investigation could not identify the cause of the losses. Due to these findings the Department of Water Affairs allocated funds to Laingsburg Municipality to do a water leakage detection investigation during the 2009/2010 financial year and more funds were allocated for further studies in the 2010 / 2011 financial year. In the 2011/2012 financial year the water meters that was needed as shown in the water meter audit will be installed and a water pressure study will be done. Potential losses could not be calculated.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

	2011 R	2010 R
Electricity Losses		
Laingsburg Municipality has a calculated loss of 38 % on electricity. The lost can be ascribed to the fact that streets lights, municipal offices and some outer municipal electricity users are not metered. This will be investigated and corrected as soon as possible.		
22 RENTAL OF FACILITIES AND EQUIPMENT		
Operating Lease Rental Revenue: (Soutkloof)	64 749	104 480
Rental Revenue from Cutlery	1 839	1 740
Rental Revenue from Buildings	433 538	296 877
Rental Revenue from Land	3 760	25 916
Rental Revenue Sundry	21 771	89 296
Rental Revenue Hawkers	15 973	14 221
Total Rental of Facilities and Equipment	541 630	532 530
Attributable to:		
Continuing Operations	541 630	532 530
	541 630	532 530

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

23 GOVERNMENT GRANTS AND SUBSIDIES

Conditional Grants

National: Equitable Share
 National: FMG
 National: MIG
 National: MSIG
 National: DWAF
 Department of Mineral and Energy
 Provincial: Library
 Provincial: Community Centre
 Provincial: Seta

2011 R	2010 R
12 388 068	13 738 985
6 862 738	5 530 038
1 250 000	780 835
2 940 637	5 473 387
750 000	1 399 730
250 000	377 853
130 870	12 198
81 000	63 000
122 823	101 943
-	-
-	-
12 388 068	13 738 985

Local Government: Local Municipalities Grant

Total Government Grants and Subsidies

Continuing Operations

12 388 068	13 738 985
12 388 068	13 738 985

23.1 National: Equitable Share

6 862 738	5 530 038
------------------	------------------

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents of Goldville receive a monthly subsidy up to R199.10 pm and consumers in Bergsig received R 191.12 pm, based on the monthly billing, towards the consumer account, which subsidy is determined annually by council. All consumers receive 6 kl water and the indigent households receive 50 kWh electricity free every month.

23.2 National: FMG Grant

Balance unspent at beginning of year
 Current year receipts
 Conditions met - transferred to Revenue: Operating Expenses
 Conditions met - transferred to Revenue: Capital Expenses
 Other Transfers
 Conditions still to be met - transferred to Liabilities (see Note 14)

-	30 835
1 250 000	750 000
(1 245 175)	(755 720)
(4 825)	(25 116)
-	-
-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

23.3 National: MIG Funds

Balance unspent at beginning of year
 Current year receipts
 Conditions met - transferred to Revenue: Capital Expenses

(102 219)	(593 434)
-	558 000
-	(66 785)
-	-
(102 219)	(102 219)

Conditions still to be met - transferred to Liabilities (see Note 14)

Conditions met balance due by government transferred to current assets (see Note 4)

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, sports and sewerage infrastructure as part of the upgrading of previously disadvantaged areas (included in the Roads and Sewerage votes in Appendix "B"). No funds have been withheld.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

	2011 R	2010 R
23.4 National: MSIG Funds		
Balance unspent at beginning of year	-	664 730
Current year receipts	750 000	735 000
Conditions met - transferred to Revenue: Operating Expenses	(274 177)	(1 314 600)
Conditions met - transferred to Revenue: Capital Expenses	(475 823)	(85 130)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	-	-
	-	-

The Municipal Systems Improvement Grant is allocated to municipalities to improve municipal systems and was used to improve information technology networks and Ward Committee operations. No funds have been withheld.

23.5 National - Department Water and Forests (DWAf)

Balance unspent at beginning of year	410 362	326 215
Current year receipts	555 200	462 000
Conditions met - transferred to Revenue: Operating Expenses	(250 000)	(377 853)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	715 562	410 362
	-	-

This grant has been used for a water supply at Matjiesfontein, ground water investigation and the draw up water master plan.

23.6 Streets and Storm water (MIG)

Balance unspent at beginning of year	520 900	(15 176)
Current year receipts	-	2 753 100
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(11 808)	(2 217 024)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	509 092	520 900
	-	-

23.7 Water (MIG)

Balance unspent at beginning of year	280 029	280 029
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	280 029	280 029
	-	-

23.8 National: Sport and Development

Balance unspent at beginning of year	5 937	5 937
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	5 937	5 937
	-	-

This grant was received for the promotion and development of sport and will be utilised as such as soon as a project has been identified. No funds have been withheld.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

	2011 R	2010 R
23.9 Department of Mineral and Energy	183 511	183 511
	-	-
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>183 511</u>	<u>183 511</u>
	-	-

This grant has been used for electricity network overall.

23.10 Bus Routes

Balance unspent at beginning of year	79 949	693 000
Current year receipts	350 000	782 000
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(145 650)	(1 395 051)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>284 299</u>	<u>79 949</u>
	-	-

23.11 Provincial: Electricity Matjiesfontein

Balance unspent at beginning of year	57 756	69 954
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(5 261)	(12 198)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>52 495</u>	<u>57 756</u>
	-	-

23.12 Provincial: Library

Balance unspent at beginning of year	-	-
Current year receipts	81 000	63 000
Conditions met - transferred to Revenue: Operating Expenses	(81 000)	(63 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>-</u>	<u>-</u>
This grant was allocated for the upgrading of library equipment. No funds have been withheld.	-	-

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

	2011 R	2010 R
23.13 Provincial: Streets		
Balance unspent at beginning of year	-	-
Current year receipts	8 608	10 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(8 608)	(10 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>-</u>	<u>-</u>
	-	-
23.14 Fencing Sewerage	-	-
Balance unspent at beginning of year	-	-
Current year receipts	331 923	1 442 100
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(241 412)	(1 110 177)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>90 511</u>	<u>331 923</u>
	-	-
23.15 Water		
Balance unspent at beginning of year	2 121 620	2 279 800
Current year receipts	160 000	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(823 373)	(158 180)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>1 458 247</u>	<u>2 121 620</u>
	-	-
23.16 Provincial: Community Workers		
Balance unspent at beginning of year	-	-
Current year receipts	28 057	120 000
Interest allocated	125 000	-
Conditions met - transferred to Revenue: Operating Expenses	(114 215)	(91 943)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>38 842</u>	<u>28 057</u>
	-	-
23.17 Refuse		
Balance unspent at beginning of year	-	-
Current year receipts	(70 170)	456 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	(526 170)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 20)	<u>-</u>	<u>-</u>
Conditions met balance due by government transferred to current assets (see Note 4)	<u>(70 170)</u>	<u>(70 170)</u>
	-	-
23.19 Provincial: Department Housing, Local Government and Traditional Affairs (DHLGTA)		
Balance unspent at beginning of year	(563 461)	(563 461)
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>-</u>	<u>-</u>
Conditions met balance due by government transferred to current assets (see Note 4)	<u>(563 461)</u>	<u>(563 461)</u>
	-	-

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

	2011 R	2010 R
23.20 Department Environment		
Balance unspent at beginning of year	206 118	206 118
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>206 118</u>	<u>206 118</u>

23.21 Provincial - Department Transport

Balance unspent at beginning of year	602 311	602 311
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>602 311</u>	<u>602 311</u>

The amount of R602 311.00 is being used for a long distance taxi zone area.
The balance can be used for rehabilitation of streets and pavements.

23.22 Local Government - Local Municipalities

Balance unspent at beginning of year	114 735	114 735
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	(2 595)	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>112 140</u>	<u>114 735</u>

This grant has been used for the compiling of a sewerage master plan and investigation of electricity tariffs.

23.23 Local Government - Mou & Business Plan

Balance unspent at beginning of year	-	-
Current year receipts	500 000	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>500 000</u>	<u>-</u>

Funds received for new Financial system.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

	2011 R	2010 R
23.24 High Mass Lights -Laingsburg		
Balance unspent at beginning of year	-	-
Current year receipts	125 609	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(125 609)	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	-	-
	<u>-</u>	<u>-</u>
23.25 Streets		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Interest allocated	2 981 391	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(1 718 393)	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	1 262 998	-
	<u>1 262 998</u>	<u>-</u>
24 PUBLIC CONTRIBUTIONS AND DONATIONS		
Unconditional Contributions	-	125 257
Total Public Contributions and Donations	<u>-</u>	<u>125 257</u>
25 OTHER INCOME		
Building Plan Fees	1 680	3 480
Sale of Milk	26 261	29 111
Other Income	205 916	174 223
	-	-
Total Other Income	<u>233 857</u>	<u>206 814</u>
Attributable to:		
Continuing Operations	233 857	206 814
	<u>233 857</u>	<u>206 814</u>
The amounts disclosed above for Other Income are in respect of services, other than described in Notes 20 to 21, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.		
26 EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	6 723 189	3 521 430
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	921 171	2 557 276
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	593 931	207 902
Housing Benefits and Allowances	-	44 783
Overtime Payments	159 158	177 481
Performance Bonuses	107 724	99 301
Defined Benefit Plan Expense:	1 243 000	682 000
Current Service Cost	1 243 000	682 000
Total Employee Related Costs	<u>9 748 173</u>	<u>7 290 173</u>
Attributable to:		
Continuing Operations	9 748 173	7 290 173
	<u>9 748 173</u>	<u>7 290 173</u>

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

	2011 R	2010 R
Remuneration of Section 57 employees		
Remuneration of the Municipal Manager		
Annual Remuneration	769 458	709 309
Performance Bonus	107 724	99 303
Telephone Allowance	32 697	31 200
Total	909 880	839 812
27 REMUNERATION OF COUNCILLORS		
Executive Mayor	388 476	337 900
Speaker	315 364	302 722
Mayoral Committee Members	150 057	166 496
Councillors	402 085	340 560
Sundry Allowances (Cellular Phones, etc.)	61 019	162 993
Allowances allocated to Employee Related Costs in General Ledger	877 352	908 457
Total Councillors' Remuneration	2 194 354	2 219 128
In-kind Benefits		
The Mayor may utilise official Council transportation when engaged in official duties.		
28 DEPRECIATION AND AMORTISATION		
Depreciation: Property, Plant and Equipment	8 942 175	6 164 325
Amortisation: Intangible	71 998	
Depreciation: Investmentment	360 400	-
Total Depreciation and Amortisation	9 374 573	6 164 325
	(850 022)	
Attributable to:		
Continuing Operations	9 374 573	6 164 325
Discontinued Operations	-	-
	9 374 573	6 164 325
29 IMPAIRMENT LOSSES		
Impairment Losses on Fixed Assets		
Impairment Losses Recognised:	30 362	-
Property, Plant and Equipment	30 362	-
Bad Debt	-	-
Service		
Total Impairment Losses	30 362	-
30 BULK PURCHASES		
Electricity	3 779 121	2 815 242
Total Bulk Purchases	3 779 121	2 815 242

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

31 GRANTS AND SUBSIDIES PAID

	2011 R	2010 R
	50 000	100 000
Laingsburg High School	20 000	40 000
Acacia Primary School	20 000	40 000
Baartmansfontein	5 000	10 000
Matjiesfontein Primary	5 000	10 000
Crime Prevention	7 149	-
Aids program	6 972	6 251
Christmas for Children	-	10 000
Women's day	5 650	6 704
SMME Development	27 322	27 606
Municipal Sport	20 154	13 670
Youth Week	12 758	13 561
Gardening	6 776	4 000
Huis Karoo	10 000	25 000
Equitable Share Households	921 733	1 464 751
Tourism Grant	166 711	111 841
Donald Duck Pre-Primary	4 452	3 447
Immanuel Christen School	-	5 000
Soup kitchen	195 034	(3 392)
LaDaag	12 632	-
Total Grants and Subsidies	1 447 342	1 788 440

The **Women's Day** is paid annually in the municipality's aim to further local economic development of all communities.

Free Basic Services are in respect of providing basic service levels to indigent/residential households.

The **Tourism Grant** is paid annually in the municipality's aim to carry the diversity of cultures to all communities.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

	2011 R	2010 R
32 GENERAL EXPENSES		
Training cost	410 345	310 140
Advertisements	11 257	43 955
Tools & Equipment	19 998	20 998
Consumables	22 823	14 301
Levy: District Municipality (Health Services)	1 161	15 789
Burial Costs: Indigent	2 246	3 450
Management fee: Water catchment	10 476	9 024
Newspapers	45	1 149
Bank charges	98 751	97 005
Value added tax	8 974	49 191
Bargaining Council	1 993	7 764
Office Expenses: Community workers	115 416	94 943
Cards and other	194	-
Commission: Sales from Electricity	(15 121)	31 695
Commission: Traffic Fines	188 359	183 342
Commission: Water sales	2 793	2 611
Trapeace: Traffic Fines	123 408	130 075
Issuing of Drivers Licence cards	27 725	13 106
Quality Control	125 279	117 966
Testing	-	1 650
Membership fees	103 956	100 600
Material and Inventory: General	197 667	227 225
Material and Inventory: Recyclable materials	-	9 656
Material and Inventory: Main lines	(20 847)	-
Material and Inventory: Milk	39 705	29 570
Material and Inventory: Consumer connections	6 805	14 127
Municipal Services: Electricity- General	184 400	111 012
Municipal Services: Electricity- Streetlights	44 905	25 967
Municipal Services: Refuse Removal	4 575	3 587
Municipal Services: Sewerage	6 164	4 458
Municipal Services: Water	6 906	16 403
Investigation: Spatial development	-	24 384
Water	250 000	377 853
Audit fees: Statutory Audits	1 030 039	755 430
Work for water	-	48 919
Pest control	11 332	-
Postage	33 538	25 069
Public Entertainment	84 055	77 226
Radio Licences	158	126
Registration: Boreholes	104 660	-
Legal costs	502 833	240 027
Marketing: Karoo marathon	-	590 308
Valuation cost	1 345	-
Cleaning of streets and pavements	406 543	458 804
Bad debts written off	-	52 752
Plants and trees	3 000	-
Telephone costs	287 535	280 080
Incidental expenditure : Councillors	45 277	80 210
Election expenses	-	1 050
Compensation: Audit committee	-	116 099
Insurance	131 687	17 655
Vehicle licence costs	17 855	-
Rental: Other	1 109	1 613
Fuel and oil	325 728	315 839
Printing and Stationary	117 655	117 205
Management fee: Refuse site	48 804	27 735
Sundry Expenses	87 957	59 017
Travel and accommodation cost	583 058	659 461
Delegation cost	4 200	24 339
Deeds office Returns	-	63
Uniforms and Protection Clothing	22 423	46 184
UIF	31 809	33 915
Electricity for Streetlights: Eskom	54 024	10 951

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

	2011	2010
	R	R
Electricity for General use: Eskom	93 507	86 849

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

	2011 R	2010 R
Electricity: Matjiesfontein Pump station	37 683	20 023
Other	193 075	57 437
Total General Expenses	6 241 243	6 297 382
	(0)	

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense.

33 CHANGE IN ACCOUNTING POLICY

The municipality adopted the exempted portions of the following Accounting Standards for the first time during the financial year 2010/2011 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1. These have been implemented as at 30 June 2011:

- GRAP 16 Investment Property
- GRAP 17 Property, Plant and Equipment
- GRAP 21 Impairment of Non-cash-generating Assets
- GRAP 23 Revenue from Non-exchange Transactions (Taxes and Transfers)
- GRAP 26 Impairment of Cash-generating Assets
- GRAP 100 Non-current Assets Held-for-Sale and Discontinued Operations
- GRAP 102 Intangible Assets

33.1 Reclassification of PPE, Investment Property and Intangible Assets

Furthermore, the year-end figures for Accumulated Surplus, Investment Property, PPE and Intangible Assets have been restated to correctly disclose the assets held by the municipality in terms of GRAP 16, 17 and 102.

The effect of the Change in Accounting Policy / Correction of Error is as follows:

	PPE at Cost (Nett)	Investment Property	Intangible Assets	Accumulated Depreciation	Total
Balances as at 30 June 2009 as per previous AFS	63 005 805	2 191 942	-	(23 879 610)	41 318 137
Reclassification of Investment Property	-	3 364 058		(2 614 043) *	750 015
Reclassification of Intangible Assets	-	-	222 096	(152 741) *	69 355
Reclassification of PPE	194 494 955	-	-	(122 144 496) *	72 350 459
Restated Balances as at 30 June 2009	257 500 760	5 556 000	222 096	(148 790 890)	114 487 966
	PPE at Cost (Nett)	Investment Property	Intangible Assets	Depreciation	Total
Additions for the Year 2009/2010 as per previous AFS	6 221 205	-	-	(3 294 351) *	2 926 854
Reclassification of Investment Property				(360 400) *	(360 400)
Reclassification of PPE as Intangible Assets	461 345	-	70 777	(66 489) *	465 633
Reclassification of PPE	-	-		(6 777 823) *	(6 777 823)
Restated addition for the year 2009 /2010	6 682 550	-	70 777	(10 499 063)	(3 745 736)
Restated Balances as at 30 June 2010	264 183 310	5 556 000	292 873	(159 289 953)	110 742 230

33.2 Reclassification of Accumulated Surplus

The prior year figures of Accumulated Surplus has been restated to correctly disclose the funds held by the municipality in terms of the disclosure notes indicated below.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

2011
R **2010**
R

The effect of the Changes and Corrections are as follows:

	Accumulated Surplus
Balances published as at 30 June 2009	47 262 787
Change in Accounting Policy:-	
Reclassify Assets - Note 33.1	* 73 169 829
Restated Balances as at 30 June 2010	<u>120 432 616</u>
Change in Accounting Policy:-	
Effect of re-measurement and reclassification of assets on the 2009/10 Financial year - Note 33.1	(6 672 590)

34 CORRECTION OF ERROR

34.1 Reclassification of Statement of Financial Position:

The prior year balances of items on the Statement of Financial Position have been restated to correctly classify the nature of the balances.

The effect of the Correction of Error is as follows:

	2009/2010 Fin Position	Corrections Made	Restated Amount
Other Creditors (Note 13)	4 200 026	(1 343 403)	2 850 623
Provision for Land - fill Sites (Note 16)	-	2 370 725	2 370 725
Bank, Cash and Cash Equivalents	12 954 580	1 343 403	11 605 177

The total amount of outstanding cheques (R 1 343 403.40) in cash book was credited to creditors and debited to bank in 2008 /2009 but not written back in 2009 /2010.

34.1 Reclassification of Statement of Financial Performance	2009/2010 Fin Performance	Corrections Made	Restated Amount
General Expenses - Other	57437	20 030	77 467

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

	2011 R	2010 R
35 CASH GENERATED BY OPERATIONS		
Surplus / (Deficit) for the Year	(8 773 901)	(88 709)
Adjustment for:		
Journals	19 775	127 852
Contributions Housing Fund	(201 725)	(54 220)
Depreciation and Amortisation	10 224 595	3 294 350
Impairment	30 363	
Contribution to Retirement Benefit Liabilities	1 234 000	-
Investment Income	(692 272)	(875 167)
Finance Costs	-	703 902
Operating surplus before working capital changes	1 840 835	3 108 009
 (Increase)/Decrease in Inventories	 83 524	 140 978
(Increase)/Decrease in Consumer Debtors	(491 982)	78 680
(Increase)/Decrease in Other Debtors	(2 152 697)	(326 958)
(Increase)/Decrease in Long Term Liabilities	16 519	-
(Increase)/Decrease in Operating Lease Assets	5 231	(22 001)
Increase/(Decrease) in Consumer Deposits	22 574	18 928
Increase/(Decrease) in Creditors	(2 797 062)	370 867
Increase/(Decrease) in Provisions	405 647	742 747
Increase/(Decrease) in Conditional Grants and Receipts	1 358 883	1 765 832
Increase/(Decrease) in VAT Payable		
Cash generated by / (utilised in) Operations	(1 708 529)	5 877 081
 36 NON-CASH INVESTING AND FINANCING TRANSACTIONS		
The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2010/2011 financial year.		
 37 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
37.1 Contributions to organised local government - SALGA		
Opening Balance	(240)	(240)
Council Subscriptions	99 950	100 000
Amount Paid - current year	(99 710)	(100 000)
Balance Unpaid (included in Creditors)	-	(240)
37.2 Audit Fees		
Opening Balance	-	215 690
Current year Audit Fee	1 027 623	786 519
Amount Paid - current year	(1 027 623)	(215 690)
Amount Paid - previous years	-	(786 519)
Balance Unpaid (included in Creditors)	-	-
37.3 VAT		
VAT inputs receivables and VAT outputs receivables are shown in Note 12. All VAT returns have been submitted by the due date throughout the year.		
37.4 PAYE and UIF		
Opening Balance	-	-
Current year Payroll Deductions	1 283 180	946 784
Amount Paid - current year	(1 279 572)	(946 784)
Balance Unpaid (included in Creditors)	3 608	-

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

	2011 R	2010 R
37.5 Pension and Medical Aid Deductions		
Opening Balance	(30 841)	(31 745)
Current year Payroll Deductions and Council Contributions	576 986	388 487
Amount Paid - current year	(575 982)	(387 583)
Balance Unpaid (included in Creditors)	<u><u>(29 837)</u></u>	<u><u>(30 841)</u></u>

The balance represents Pension and Medical Aid contributions deducted from employees and councillors in the June 2011 payroll, as well as the municipality's contributions to these funds. These amounts were paid during July 2011

37.6 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

No known matters existed at reporting date.

The Municipality has developed a supply chain management policy which was only approved by Council in September 2005.

38 COMMITMENTS FOR EXPENDITURE

Laingsburg municipality has no capital commitments.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

		2011 R	2010 R
39 FINANCIAL INSTRUMENTS			
39.1 Classification			
FINANCIAL ASSETS:			
In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):			
	<u>Financial Assets</u>	<u>Classification</u>	
Trade and other receivables from exchange transactions			
Services	Loans and receivables	943 271	462 513
Other Debtors	Loans and receivables	48 391	37 167
Trade and other receivables from non-exchange transactions			
Government Subsidy Claims	Loans and receivables	3 640 683	2 353 288
Sundry Deposits	Loans and receivables	39 846	33 243
Sundry Debtors	Loans and receivables	410 958	392 603
Assessment Rates	Loans and receivables	1 328 363	1 394 248
VAT	Loans and receivables	1 016 350	631 065
Bank, Cash and Cash Equivalents			
Call Deposits	Available for sale	7 246 487	9 785 009
Bank Balances	Available for sale	-	1 818 518
Cash Floats and Advances	Available for sale	2 050	1 350
		<u>14 712 821</u>	<u>17 046 905</u>
Loans and Receivables			
Consumer Debtors	Assessment Rates	1 328 363	1 394 248
Consumer Debtors	Services	943 271	462 513
Consumer Debtors	Other Debtors	48 391	37 167
Other Debtors	Government Subsidy Claims	3 640 683	2 353 288
Other Debtors	Sundry Deposits	39 846	33 243
Other Debtors	Sundry Debtors	410 958	392 603
Other Debtors	VAT	1 016 350	631 065
		<u>7 549 245</u>	<u>5 442 028</u>
Available for Sale:			
Bank Balances and Cash	Bank Balances	-	1 818 518
Bank Balances and Cash	Cash Floats and Advances	2 050	1 350
Bank Balances and Cash	Call Deposits	7 246 487	9 785 009
		<u>7 248 537</u>	<u>11 604 877</u>
Total Financial Assets		<u>14 797 782</u>	<u>17 046 905</u>
FINANCIAL LIABILITIES:			
In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):			
	<u>Financial Liabilities</u>	<u>Classification</u>	
Long-term Liabilities			
Consumer Deposits			
Electricity and Water	Financial liabilities at fair value through profit and loss	265 287	242 713
Creditors			
Retention	Financial liabilities at amortised cost	-	58 381
Debtors in Credit	Financial liabilities at amortised cost	161 964	35 919
Sundry Deposits	Financial liabilities at amortised cost	31 996	41 950
Other Creditors	Financial liabilities at amortised cost	210 180	2 850 623
Unspent Conditional Grants and Receipts	Financial liabilities at amortised cost	6 302 090	4 943 207
Bank Overdraft			
Bank Overdraft	Available for Sale:	919 665	-
		<u>7 891 182</u>	<u>8 172 792</u>

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

		2011 R	2010 R
Financial Liabilities at Amortised Cost:			
Consumer Deposits	Electricity and Water	265 287	242 713
Creditors	Retention	-	58 381
Creditors	Debtors in Credit	161 964	35 919
Creditors	Sundry Deposits	31 996	41 950
Creditors	Other Creditors	210 180	2 850 623
Creditors	Unspent Conditional Grants and Receipts	6 302 090	4 943 207
Bank Overdraft	Bank Overdraft	919 665	-
Total Financial Liabilities		7 891 182	8 172 792

39.2 Fair Value

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practical to estimate that value:

Cash and short-term investments

The carrying amount approximates fair value because of the short maturity of those instruments.

Available-for-sale investments

The fair values of some investments are estimated, based on quoted market prices of those or similar investments. Unlisted equity investments are estimated using the discounted cash flow method.

Loan receivables/payables

Interest-bearing borrowings and receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and, therefore, the fair value of these financial assets and liabilities closely approximates their carrying values. Fixed-interest-rate instruments are fair-valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and other receivables/payables

The management of the municipality is of the opinion that the carrying value of Trade and other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The fair value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the the current payment ratio's of the municipality's debtors.

Other Financial Assets and Liabilities

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments;

Long-term Liabilities

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

In accordance with IAS 39.09 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

Management considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements to approximate their fair values on 31 March 2011, as a result of the short-term maturity of these assets and liabilities.

	30 June 2011	Fair Value R	30 June 2010	Fair Value R
	Carrying Amount R		Carrying Amount R	Fair Value R
FINANCIAL ASSETS				
Held to maturity:	-	-	-	-
Call Deposits	-	-	-	-
Loans and Receivables	7 549 245	7 549 245	5 442 028	5 442 028
Long-term Receivables	84 962	84 962	105 823	105 823
Consumer Debtors	2 320 024	2 320 024	499 680	499 680
Other Debtors	4 091 487	4 091 487	4 173 381	4 173 381
VAT	1 016 350	1 016 350	631 065	631 065
Housing	36 422	36 422	32 079	32 079
Available for Sale	7 248 537	7 248 537	11 604 877	11 604 877
Bank Balances and Cash	7 248 537	7 248 537	11 604 877	11 604 877
Total Financial Assets	14 797 782	14 797 782	17 046 905	17 046 905

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

			2011 R	2010 R
	30 June 2011		30 June 2010	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL LIABILITIES				
Designated as FVTPL:	7 891 182	7 891 182	8 172 792	8 172 792
Amortised Cost				
Unsecured Bank Facilities:	919 665	919 665	-	-
- Bank Overdraft	919 665	919 665	-	-
Trade and Other Payables:	6 971 517	6 971 517	8 172 792	8 172 792
- Consumer Deposits	265 287	265 287	242 713	242 713
- Creditors	6 706 230	6 706 230	7 930 079	7 930 079
Total Financial Liabilities	7 891 182	7 891 182	8 172 792	8 172 792
Total Financial Instruments	6 906 600	6 906 600	8 874 113	8 874 113
Unrecognised Gain / (Loss)		-		-

At the reporting date there are no significant concentrations of credit risk for Loans and Receivables at Fair Value. The carrying amount reflected above represents the municipality's maximum exposure to credit risk for such loans and receivables.

There were no reclassifications of financial assets during the financial period.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses financial instruments carried at fair value at the end of the reporting period, by level of fair-value hierarchy as required by IFRS 7. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments, and the levels have been defined as follows:

Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

	30 June 2011			
	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value	7 248 537	-	-	7 248 537
Bank Balances and Cash	7 248 537			7 248 537
Total Financial Assets	7 248 537			7 248 537
	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL LIABILITIES				
Financial Instruments at Fair Value	4 987 599	-	-	4 825 635
Unsecured Bank Facilities:				
- Government Loans	3 640 683			3 640 683
- Bank Overdraft	919 665			919 665
- Payments received in advance	161 964			
- Consumer Deposits	265 287			265 287
Total Financial Liabilities	4 987 599			4 825 635
Total Financial Instruments	2 260 938	-		2 422 902

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

			2011 R	2010 R
	30 June 2010			
	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value	-	-	-	-
Bank Balances and Cash	11 605 177	-	-	11 605 177
Total Financial Assets	11 605 177	-	-	11 605 177
	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL LIABILITIES				
Financial Instruments at Fair Value	2 654 493	-	-	2 618 574
Unsecured Bank Facilities:				
- Annuity Loans		-	-	
- Government Loans	2 353 288	-	-	2 353 288
- Payments received in advance	35 919	-	-	
- Consumer Deposits	265 287	-	-	265 287
Total Financial Liabilities	2 654 493	-	-	2 618 574
Total Financial Instruments	8 950 684	-	-	8 986 603

39.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2011.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 4, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 17 and the Statement of Changes in Net Assets.

Gearing Ratio

In terms of the municipality's five year financial plan, financial benchmarks, year-on-year in respect of the debt-to-equity ratio, is reflected at 95.00%, reducing 90.00%. This aggressive ratio is as a result of the The municipality's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The municipality has a target gearing ratio of 20-25% determined as the proportion of net debt to equity. Based on the committee's recommendations, the municipality expects to increase its gearing ratio closer to 25% through the issue of new debt.

	2011 R	2010 R
The gearing ratio at the year-end was as follows:		
Over Dawn Bank Account	(919 665)	-
Bank, Cash and Cash Equivalents	7 248 537	11 604 877
Net Debt	6 328 872	11 604 877
Equity	104 614 450	113 570 304
Net debt to equity ratio	6.05%	10.22%

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

2011	2010
R	R

RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

39.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the Municipality's risk management framework. The Municipality's risk management policies are established to identify and analyse the risks faced by the Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the Municipality's activities, and compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Further quantitative disclosures are included throughout these financial statements.

39.5 Disclosure of significant risks

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

The Municipality has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

Risks and exposure are disclosed as follows:

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Municipality's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit risk is the risk of financial loss to the Municipality if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Municipality's receivables from customers and investment securities.

Liquidity Risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Municipality's reputation.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 38 to the annual financial statements.

39.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

39.6.1 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents, investments, and loan payables. The Entity is not exposed to interest rate risk on these financial instruments, as the rates applicable are fixed interest rates

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

2011
R **2010**
R

Interest Rate Sensitivity Analysis

The sensitivity analysis below was determined based on the exposure to interest rates at the reporting date. For variable rate long-term instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates.

Effect of a change in interest rate on interest bearing financial assets and liabilities

		R	R
<u>Financial Assets</u>	<u>Classification</u>		
<u>External investments:</u>			
Call Deposits	Available for Sale	7 246 487	9 785 009
Bank Balances	Available for Sale	(919 665)	1 818 518
Cash Floats and Advances	Available for Sale	2 050	1 350
		6 328 872	11 604 877
<u>Interest received</u>			
Interest Earned - External Investments		577 286	750 000
Interest rate		9%	6%
<i>Effect of a change in interest rate on interest earned from external investments:</i>			
Effect of change in interest rate	%	8%	5%
Effect of change in interest rate	Rand value	506 310	580 244
Effect of change in interest rate	%	10%	7%
Effect of change in interest rate	Rand value	632 887	812 341
<u>Outstanding debtors:</u>			
Consumer Debtors	Loans and receivables	1 979 928	2 153 719
Sundry Debtors	Loans and receivables	410 958	392 603
		2 390 886	2 546 322
<u>Interest received</u>			
Interest Earned - Outstanding Debtors		114 986	44 850
Interest rate		5%	2%
<i>Effect of a change in interest rate on interest earned from outstanding debtors</i>			
Effect of change in interest rate	%	2%	1%
Effect of change in interest rate	Rand value	47 818	25 463
Effect of change in interest rate	%	4%	3%
Effect of change in interest rate	Rand value	95 635	76 390
<u>Financial Liabilities</u>	<u>Classification</u>		
<u>Bank Overdrafts and Other</u>			
Trade creditors	Not valued at FVTPL		
Other creditors	Not valued at FVTPL	210 180	2 850 623
Bank Overdraft	Not valued at FVTPL	919 665	
		1 129 845	2 850 623
Effect of change in interest rate	%	1%	1%
Effect of change in interest rate	Rand value	11 298	28 506

39.6.2 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

2011
R **2010**
R

39.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses other publicly available financial information and its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/ Cash and Cash Equivalents

The municipality limits its counterparty exposures from its short-term investments (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions short term credit rating of BBB and long-term credit rating of AA- and higher at an International accredited credit rating agency. The Municipality's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst different types of approved investments and institutions, in accordance with its investment policy. Consequently, the Entity does not consider there to be any significant exposure to credit risk.

Trade and other receivables

Trade and other receivables are amounts owing by consumers, and are presented net of impairment losses. The Municipality has a credit risk policy in place, and the exposure to credit risk is monitored on an on-going basis. The Municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness., subsequently the Municipality has no control over the approval of new customers who acquire properties in the designated metro area and consequently incur rates, water and electricity debts.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- through the application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property.
- a new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount.
- through the consolidation of rates and service accounts, thereby disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA.
- through the requirement of a deposit for new service connections, serving as guarantee
- through encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The Municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained.. The Municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The Municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an on-going customer relationship in response to an adverse change in the circumstances of the customer.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

	2011 R	2010 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Consumer Debtors	991 661	499 680
Other Debtors	6 436 200	4 283 503
Bank, Cash and Cash Equivalents	6 328 872	11 605 177
Maximum Credit and Interest Risk Exposure	<u>13 841 695</u>	<u>16 494 182</u>

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

39 FINANCIAL INSTRUMENTS (Continued)

39.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts. A credit line overdraft facility of RXX million is available and is unsecured. Interest payable is linked to the prime interest rate.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2011								
FIXED RATE INSTRUMENTS			-	-	-	-	-	-
Held-to-maturity Investments			-	-	-	-	-	-
Call Deposits			7 246 487	7 246 487	-	-	-	-
			-	-	-	-	-	-
Total Fixed Rate Instruments			7 246 487	7 246 487	-	-	-	-
30 June 2010								
FIXED RATE INSTRUMENTS			-	-	-	-	-	-
Held-to-maturity Investments			-	-	-	-	-	-
Call Deposits			9 786 359	9 786 359	-	-	-	-
			-	-	-	-	-	-
Total Fixed Rate Instruments			9 786 359	9 786 359	-	-	-	-

At the year-end it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the amount included above is nil.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

2011	2010
R	R

40 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The Municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

Defined benefit plan accounting as required by IAS 19 / AC 116 have been exempted in terms of General Notice 522 of 2010 and had not been applied for the previous or current financial year.

DEFINED BENEFIT SCHEMES

Cape Joint Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2010.

The statutory valuation performed as at 30 June 2010 revealed that the fund had a surplus of 0,0 (30 June 2009: R0,0) million, with a funding level of 100,0% (30 June 2009: 100,0%). The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is less than the recommended contribution rate of 32,06%.

The last valuation performed for the period ended 31 March 2009 revealed that the fund had a shortfall of R205 million, with a funding level of 83%. This will be taken into account in determining future surcharges, to be met by increased employer contributions. These surcharges are as follows:

- From 1 July 2009 14%
- From 1 July 2010 17%

The above-mentioned surcharge is payable until 1 July 2010. This position will be monitored on an annual basis.

Government Employees Pension Fund (GEPF):

The scheme is subject to an tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2008.

The statutory valuation performed as at 30 June 2008 revealed that the fund had a surplus of R0,0 (30 June 2006: R9 040) million,

South African Local Authorities Pension Fund (SALA):

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 1 July 2010.

The statutory valuation performed as at 1 July 2010 revealed that the fund had a surplus of 307,6 (1 July 2009: R264,2) million, with a funding level of 96% (1 July 2009: 96%). The contribution rate paid by the members (3,73%) and the municipalities (19,18%) is sufficient to fund the benefits accruing from the fund in the future.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

2011	2010
R	R

Local Government Pension Fund:

No details could be provided for the fund and of any valuation performed.

DEFINED CONTRIBUTION SCHEMES

Cape Joint Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2010.

The statutory valuation performed as at 30 June 2010 revealed that the investment reserve of the fund amounted to R7 311 (30 June 2009: R1 171) million, with a funding level of 102,0% (30 June 2009: 100,3%). The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is sufficient to fund the benefits accruing from the fund in the future.

Cape Joint Retirement Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2010.

The statutory valuation performed as at 30 June 2010 revealed that the assets of the fund amounted to R8 220 (30 June 2009: R6 860) million, with funding levels of 99,9% and 100,3% (30 June 2009: 100,8% and 131,9%) for the Share Account and the Pensions Account respectively. The contribution rate paid by the members (7,50%) and the municipalities (19,50%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Councillors Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2010.

The statutory valuation performed as at 30 June 2010 revealed that the net assets of the fund amounted to R1 483,7 million and that the fund was in a sound financial position as at 30 June 2010.

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future. The actuarial valuation of the fund was undertaken at 30 June 2005 and reported a funding ratio of 147.3%.

Municipal Gratuity Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2010.

The valuation performed as at 30 June 2010 revealed that the market value of the fund was R9 774,1 (30 June 2009: R8 248,8) billion. The contribution rate payable is 7,50% by the member and 22,00% by the employer. The fund was certified to be in sound financial condition as at 30 June 2007.

National Fund for Municipal Workers:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 1 July 2008.

The statutory valuation performed as at 1 July 2008 revealed that the fund had a deficit of R6,3 (1 July 2007: surplus R9,5) million, with a funding level of 99,8% (1 July 2007: 100,3%). The contribution rate paid by the members (2,00% to 7,00%) and the municipalities (2,00% to 7,00%) is sufficient to fund the benefits accruing from the fund in the future, and the actuary was satisfied that the fund will continue to be able meet its liabilities.

South African Municipal Workers Union National Provident Fund:

The scheme is subject to an tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2005.

The statutory valuation performed as at 30 June 2005 revealed that the fund had a funding ratio of 100.0% (30 June 2002: 100,0%). The contribution rate paid by the members (not less than 5,00%) and Council (not less than 12,00%) is sufficient to fund the benefits accruing from the fund in the future.

Liberty Life Pension Fund:

No details could be provided for the fund and of any valuation performed.

SANLAM Annuity Fund:

No details could be provided for the fund and of any valuation performed.

SANLAM Retirement Fund:

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

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R

No details could be provided for the fund and of any valuation performed.

None of the above mentioned plans are State Plans.

41 RELATED PARTY TRANSACTIONS

41.1 Interest of Related Parties

Councillors and/or management of the municipality have no relationships with businesses.

41.2 Services rendered to Related Parties

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

	Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
For the Year ended 30 June 2011				
Councillors	8 455	29 868	9 780	3 159
Municipal Manager and Section 57 Personnel	2 330	9 521	19 318	(212)
Total Services	10 786	39 388	29 098	2 946
For the Year ended 30 June 2010				
Councillors	5 816	36 584	8 585	50 985
Municipal Manager and Section 57 Personnel	2 151	6 633	18 150	26 934
Total Services	7 967	43 217	26 735	77 919

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

2011
R **2010**
R

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel not on the salary deduction list. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

41.3 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004.

41.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 24 and 25 respectively, to the Annual Financial Statements.

41.5 Purchases from Related Parties

The municipality did not buy goods from any companies which can be considered to be Related Parties.

42 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any In-kind Donations and Assistance during the year under review.

43 COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".

44 PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the financial year 2010/2011.

45 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2011.

46 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note 32) and Prior Period Errors (Note 33).

47 IRREGULAR EXPENDITURE DISALLOWED

Reconciliation of Irregular Expenditure:

Opening balance	-	-
Irregular Expenditure current year	2 152 391	1 810 558
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 53)	-	-
Transfer to receivables for recovery (see Note 20)	-	-
Irregular Expenditure awaiting condonement	<u><u>2 152 391</u></u>	<u><u>1 810 558</u></u>

Incident	Disciplinary Steps / Criminal Proceedings
Procurement process not followed	No disciplinary steps have been followed to date as the Municipality was of the opinion that no irregular expenditure was incurred for the year under review. The regularity audit revealed that although the municipality had valid reasons to deviate from the procurement procedures, there was no evidence to support the deviation. The municipality will endeavour to avoid irregular expenditure in future. Irregular expenditure for the year under review will be approved by the council in the next council meeting.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

2011	2010
R	R

48 CONTINGENT ASSETS

Mrs L S Willemse that was found guilty of fraud was dismissed. The exact amount involved can not be estimated at this stage but the external process are still going on.

49 CONTINGENT LIABILITIES

The municipality is currently involved in a court case with a citizen of the town regarding a claim in respect of prohibited access to a business premises. The estimated legal cost to date for the municipality is R20 000. No estimate of probable future liabilities could be made at this time.

APPENDIX A
LAINGSBURG MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 June 2011

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2010	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2011
LOCAL REGISTERED STOCK	R				R	R	R	R
								-
Total Registered Stock	-				-	-	-	-
ANNUITY LOANS								
	-				-	-	-	-
	-				-	-	-	-
Total Annuity Loans	-				-	-	-	-
CAPITAL LEASE LIABILITIES								
	-				-	-	-	-
Total Capital Lease Liabilities	-				-	-	-	-
GOVERNMENT LOANS								
	-				-	-	-	-
Total Government Loans	-				-	-	-	-
OTHER LOANS								
	-				-	-	-	-
	-				-	-	-	-
Total Other Loans	-				-	-	-	-
TOTAL EXTERNAL LOANS	-				-	-	-	-

APPENDIX B (2010)
LAINGSBURG MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 June 2010

Description	Historical Cost					Accumulated Depreciation					Carrying Value
	Opening Balance	Changes in Balances	New Balances	Additions	Closing Balance	Opening Balance	Changes in Balances	New Balances	Additions	Closing Balance	
	R			R	R	R			R	R	R
Land and Buildings											
Land Undeveloped	-	2 557 130	2 557 130	-	2 557 130	-	-	-	-	-	2 557 130
Land Developed	1 611 141	4 429 529	6 040 670	-	6 040 670	246 719	(246 719)	-	-	-	6 040 670
Office Buildings	524 400	24 769 018	25 293 418	1 141 949	26 435 367	-	13 257 492	13 257 492	1 179 545	14 437 036	11 998 331
	2 135 541	31 755 677	33 891 218	1 141 949	35 033 167	246 719	13 010 773	13 257 492	1 179 545	14 437 036	20 596 131
	0.00			0.00	0.00						
<i>Electricity:</i>	-							-	-	-	
Supply and Reticulation	2 147 534	7 542 300	9 689 834	12 198	9 702 031	1 154 671	4 545 208	5 699 879	222 614	5 922 493	3 779 539
								-	-	-	-
<i>Roads:</i>								-	-	-	-
Street Lighting	1 381 927	(1 381 927)	-	-	-	390 736	(390 736)	-	-	-	-
Streets, Roads and Sto	14 447 518	143 884 054	158 331 572	3 580 303	161 911 875	6 857 148	88 141 795	94 998 943	4 038 021	99 036 964	62 874 910
Taxi Parking	259 356	(259 356)	-	-	-	-	-	-	-	-	-
	-		-	-	-	-	-	-	-	-	-
<i>Sanitation:</i>								-	-	-	-
Compacting Stations	-	5 938 711	5 938 711	96 465	6 035 176	-	3 563 227	3 563 227	222 259	3 785 486	2 249 690
Tip Sites	548 819	2 783 089	3 331 908	907 758	4 239 666	196 975	(196 975)	-	113 585	113 585	4 126 081
			-	-	-			-	-	-	-
<i>Sewerage:</i>								-	-	-	-
Purification Works	6 384 722	(6 384 722)	-	-	-	3 896 610	(3 896 610)	-	-	-	-
			-	-	-			-	-	-	-
<i>Water:</i>								-	-	-	-
Supply and Reticulation	12 621 100	24 444 529	37 065 629	235 886	37 301 514	4 127 478	18 092 694	22 220 172	2 840 093	25 060 265	12 241 249
	37 790 976	176 566 677	214 357 653	4 832 609	219 190 262	16 623 618	109 858 603	126 482 221	7 436 572	133 918 793	85 271 470

APPENDIX B (2010)
LAINGSBURG MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 June 2010

Description	Historical Cost					Accumulated Depreciation					Carrying Value
	Opening Balance	Changes in Balances	New Balances	Additions	Closing Balance	Opening Balance	Changes in Balances	New Balances	Additions	Closing Balance	
	R			R	R	R			R	R	R
Community Assets	0.00			0.00	0.00	0.00			0.00	0.00	
<i>Recreational Facilities:</i>											
Wall of Remembrances	2 014	(2 014)	-	-	-	2 014	(2 014)	-	-	-	-
Parks	83 397	(83 397)	-	-	-	19 362	(19 362)	-	-	-	-
Sport	4 663 909	(4 663 909)	-	-	-	973 368	(973 368)	-	-	-	-
Community Facilities	11 376 906	(11 376 906)	-	-	-	1 714 291	(1 714 291)	-	-	-	-
Libraries	18 824	(18 824)	-	-	-	18 824	(18 824)	-	-	-	-
Play Parks	16 370	(16 370)	-	-	-	8 502	(8 502)	-	-	-	-
Cemeteries	586 888	(13 688)	573 200	-	573 200	149 150	194 770	343 920	22 928	366 848	206 352
Fire Stations	36 428	(36 428)	-	-	-	16 542	(16 542)	-	-	-	-
	16 784 736	(16 211 536)	573 200	-	573 200	2 902 053	(2 558 133)	343 920	22 928	366 848	206 352
Heritage Assets	0.00			0.00	0.00	0.00		-	-	-	
Public Statues	-	43 354	43 354	-	43 354	-		-	-	-	43 354
	-	43 354	43 354	-	43 354	-	-	-	-	-	43 354
Housing	0.00			0.00	0.00	0.00		-	-	-	
Housing Schemes	1 463 000	1 492 500	2 955 500	-	2 955 500	386 263	1 387 037	1 773 300	197 033	1 970 333	985 167
	1 463 000	1 492 500	2 955 500	-	2 955 500	386 263	1 387 037	1 773 300	197 033	1 970 333	985 167
Other Assets	0.00			0.00	0.00	0.00		-	-	-	
Security and Equipment	268 456	(268 456)	-	-	-	175 870	(175 870)	-	-	-	-
<i>Furniture and Fittings:</i>								-	-	-	
Other Furniture	1 109 674	2 768 677	3 878 351	703 867	4 582 218	718 149	1 736 001	2 454 150	822 876	3 277 026	1 305 192
<i>Motor Vehicles:</i>								-	-	-	
Motor Cars	1 185 484	616 000	1 801 484	4 124	1 805 608	728 140	355 327	1 083 467	413 220	1 496 687	308 922
<i>Plant and Equipment:</i>								-	-	-	
Tools and Equipment	1 492 012	(1 492 012)	-	-	-	1 058 299	(1 058 299)	-	-	-	-
<i>Other Assets:</i>								-	-	-	
Other	775 926	(775 926)	-	-	-	410 942	(410 942)	-	-	-	-
	4 831 552	848 283	5 679 835	707 991	6 387 826	3 091 400	446 217	3 537 617	1 236 096	4 773 713	1 614 113
Total	63 005 805	194 494 955	257 500 760	6 682 550	264 183 309	23 250 053	122 144 496	145 394 549	10 072 174	155 466 723	108 716 586

APPENDIX B (2010)
LAINGSBURG MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 June2010

Description	Historical Cost					Accumulated Depreciation					Carrying Value
	Opening Balance	Changes in Balances	New Balances	Additions	Closing Balance	Opening Balance	Changes in Balances	New Balances	Additions	Closing Balance	
	R			R	R	R			R	R	

APPENDIX B (2010)
LAINGSBURG MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 June 2010

Description	Historical Cost					Accumulated Depreciation					Carrying Value
	Opening Balance	Changes in Balances	New Balances	Additions	Closing Balance	Opening Balance	Changes in Balances	New Balances	Additions	Closing Balance	
	R			R	R	R			R	R	R

Description	Historical Cost					Accumulated Depreciation					Carrying Value
	Opening Balance	Changes in Balances	New Balances	Additions	Closing Balance	Opening Balance	Changes in Balances	New Balances	Additions	Closing Balance	
Investment Properties	R			R	R	R			R	R	R
Land	51 926	5 504 074	5 556 000	-	5 556 000	41 263	3 202 337	3 243 600	360 400	3 604 000	1 952 000
Land	319 907	(319 907)	-	-	-	87 950	(87 950)	-	-	-	-
Rented Houses	1 820 109	(1 820 109)	-	-	-	500 344	(500 344)	-	-	-	-
	2 191 942	3 364 058	5 556 000	-	5 556 000	629 557	2 614 043	3 243 600	360 400	3 604 000	1 952 000
	0.00			0.00	0.00	0.00			0.00	0.00	0.00

Description	Historical Cost					Accumulated Depreciation					Carrying Value
	Opening Balance	Changes in Balances	New Balances	Additions	Closing Balance	Opening Balance	Changes in Balances	New Balances	Additions	Closing Balance	
Intangible Assets	R			R	R	R			R	R	R
Computer Software	-	222 096	222 096	70 777	292 873	-	152 741	152 741	66 489	219 230	73 643
	-	222 096	222 096	70 777	292 873	-	152 741	152 741	66 489	219 230	73 643
	0.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Fixed Asset Register											
	65 197 747	198 081 109	263 278 856	6 753 327	270 032 182	23 879 610	124 911 280	148 790 890	10 499 063	159 289 953	110 742 229

APPENDIX B
LAINGSBURG MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 June 2011

Description	Historical cost			Accumulated Depreciation			Accumulated Impairment		Accumulated Depreciation / Impairment			Carrying Value
	Opening Balance	Additions	Closing Balance	Opening Balance	Additions	Closing Balance	Additions	Closing Balance	Opening Balance	Additions	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings												
Land Undeveloped	2 557 130	-	2 557 130	-	-	-	-	-	-	-	-	2 557 130
Land	6 040 670	-	6 040 670	-	-	-	-	-	-	-	-	6 040 670
Office Buildings	26 435 367	159 824	26 595 191	14 437 036	1 297 054	15 734 091	23 668	23 668	14 437 036	1 320 723	15 757 759	10 837 431
	35 033 167	159 824	35 192 991	14 437 036	1 297 054	15 734 091	23 668	23 668	14 437 036	1 320 723	15 757 759	19 435 231
	0.00	0.00	0.00				0.00	0.00				
Infrastructure												
<i>Electricity:</i>												
Supply and Reticulation	9 702 031	195 459	9 897 490	5 922 493	224 843	6 147 335	218	218	5 922 493	225 061	6 147 554	3 749 936
<i>Roads:</i>												
Streets, Roads and Storm w	161 911 875	2 128 202	164 040 077	99 036 964	4 107 364	103 144 329	-	-	99 036 964	4 107 364	103 144 329	60 895 748
<i>Sanitation:</i>												
Compacting Stations	6 035 176	-	6 035 176	3 785 486	228 154	4 013 640	-	-	3 785 486	228 154	4 013 640	2 021 536
Tip Sites	4 239 666	167 446	4 407 112	113 585	142 364	255 949	-	-	113 585	142 364	255 949	4 151 163
<i>Water:</i>												
Supply and Reticulation	37 301 514	823 373	38 124 887	25 060 265	2 876 038	27 936 303	1 541	1 541	25 060 265	2 877 578	27 937 843	10 187 044
	219 190 262	3 314 480	222 504 742	133 918 793	7 578 763	141 497 555	1 759	1 759	133 918 793	7 580 522	141 499 314	81 005 428
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				

APPENDIX B
LAINGSBURG MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 June 2011

Community Assets												
Cemeteries	573 200	-	573 200	366 848	22 928	389 776	-	-	366 848	22 928	389 776	183 424
	573 200	-	573 200	366 848	22 928	389 776	-	-	366 848	22 928	389 776	183 424
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
Heritage Assets												
Public Statues	43 354	-	43 354	-	-	-	-	-	-	-	-	43 354
	43 354	-	43 354	-	-	-	-	-	-	-	-	43 354
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
Housing												
Housing Schemes	2 955 500	-	2 955 500	1 970 333	197 033	2 167 367	-	-	1 970 333	197 033	2 167 367	788 133
	2 955 500	-	2 955 500	1 970 333	197 033	2 167 367	-	-	1 970 333	197 033	2 167 367	788 133
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
Other Assets												
<i>Furniture and Fittings:</i>												
Other Furniture	4 582 218	608 796	5 191 014	3 277 026	519 705	3 796 732	4 935	4 935	3 277 026	524 640	3 801 666	1 389 348
<i>Motor Vehicles:</i>												
Motor Cars	1 805 608	-	1 805 608	1 496 687	155 853	1 652 540	-	-	1 496 687	155 853	1 652 540	153 068
	6 387 826	608 796	6 996 622	4 773 713	675 559	5 449 272	4 935	4 935	4 773 713	680 493	5 454 206	1 542 416
	0.00	0.00	0.00					0.00				
Total	264 183 309	4 083 100	268 266 409	155 466 723	9 771 337	165 238 060	30 362	30 362	155 466 723	9 801 699	165 268 422	102 997 986
	0.00	0.00	0.00									

APPENDIX B
LAINGSBURG MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 June2011

Description	Histoical cost			Accumulated Depreciation			Accumulated Impairment		Accumulated Depreciation / Impairment			Carrying Value
	Opening Balance	Additions	Closing Balance	Opening Balance	Additions	Closing Balance	Additions	Closing Balance	Opening Balance	Additions	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Investment Properties	5 556 000	-	5 556 000	3 604 000	360 400	3 964 400	-	-	3 604 000	360 400	3 964 400	1 591 600
Land	5 556 000	-	5 556 000	3 604 000	360 400	3 964 400	-	-	3 604 000	360 400	3 964 400	1 591 600
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00	0.00

Description	Histoical cost			Accumulated Depreciation			Accumulated Impairment		Accumulated Depreciation / Impairment			Carrying Value
	Opening Balance	Additions	Closing Balance	Opening Balance	Additions	Closing Balance	Additions	Closing Balance	Opening Balance	Additions	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Intangible Assets	292 873	407 555	700 428	219 230	62 496	281 726	-	-	219 230	62 496	281 726	418 702
Computer Software	292 873	407 555	700 428	219 230	62 496	281 726	-	-	219 230	62 496	281 726	418 702
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1 461 427.11		0.00	0.00
Total Fixed Asset Register	270 032 182	4 490 655	274 522 837	159 289 953	10 194 233	169 484 187	30 362	30 362	159 289 953	10 224 595	169 514 549	105 008 288

APPENDIX C (2010)
LAINGSBURG MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 June 2010

Description	Cost / Revaluation					Accumulated Depreciation					Carrying Value
	Opening	Changes	New	Additions	Closing	Opening	Changes	New	Additions	Closing	
	Balance	in Balances	Balances		Balance	Balance	in Balances	Balances		Balance	
	R			R	R	R			R	R	R
Executive and Council	440 081	121 943	562 024	35 012	597 036	431 770	(328 774)	102 996	86 782	189 778	407 258
Finance and Administration	1 246 497	1 210 526	2 457 023	122 460	2 579 484	794 914	742 050	1 536 964	486 665	2 023 629	555 855
Planning and Development	30 542	30 813 416	30 843 958	3 108	30 847 066	20 640	13 284 010	13 304 650	1 073 845	14 378 495	16 468 571
Health	11 199	350 730	361 929	-	361 929	11 199	207 023	218 222	17 311	235 534	126 395
Community and Social Services	7 616 826	(6 326 544)	1 290 282	72 360	1 362 641	1 568 374	(869 501)	698 872	117 604	816 477	546 164
Housing	1 463 000	1 496 080	2 959 080	-	2 959 080	386 263	1 370 657	1 756 920	195 213	1 952 133	1 006 947
Public Safety	626 498	152 087	778 585	78 361	856 945	253 699	281 168	534 867	187 998	722 865	134 080
Sport and Recreation	4 109 022	1 016 128	5 125 150	-	5 125 150	975 171	878 531	1 853 701	267 228	2 120 930	3 004 220
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-
Waste Management	7 886 791	3 397 615	11 284 406	2 293 521	13 577 927	4 610 097	(324 835)	4 285 262	634 001	4 919 263	8 658 664
Roads and Transport	16 986 216	142 616 141	159 602 357	3 714 219	163 316 576	7 906 753	87 976 128	95 882 881	4 276 453	100 159 333	63 157 243
Water	12 696 291	25 533 986	38 230 277	422 089	38 652 365	4 147 476	18 768 933	22 916 409	2 923 491	25 839 901	12 812 465
Electricity	2 148 236	7 627 299	9 775 535	12 198	9 787 733	1 131 388	4 561 982	5 693 370	231 921	5 925 291	3 862 442
Other	9 936 548	(9 928 298)	8 250	-	8 250	1 652 186	(1 646 411)	5 775	550	6 325	1 925
Total	65 197 746	198 081 110	263 278 856	6 753 327	270 032 182	23 889 930	124 900 961	148 790 890	10 499 063	159 289 953	110 742 229

APPENDIX C
LAINGSBURG MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 June 2011

Description	Cost / Revaluation			Accumulated Depreciation			Accumulated Impairment		Accumulated Depreciation / Impairment			Carrying Value
	Opening Balance	Additions	Closing Balance	Opening Balance	Additions	Closing Balance	Additions	Closing Balance	Opening Balance	Additions	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Executive and Council	597 036	901 374	1 498 410	189 778	81 072	270 850	-	-	189 778	81 072	270 850	1 227 560
Finance and Administration	2 579 484	103 052	2 682 536	2 023 629	239 213	2 262 842	2 694	2 694	2 023 629	241 907	2 265 536	417 000
Planning and Development	30 847 066	2 758 261	33 605 327	14 378 495	1 069 035	15 447 530	-	-	14 378 495	1 069 035	15 447 530	18 157 797
Health	361 929	-	361 929	235 534	17 861	253 395	3 712	3 712	235 534	21 574	257 107	104 822
Community and Social Services	1 362 641	-	1 362 641	816 477	89 261	905 738	-	-	816 477	89 261	905 738	456 904
Housing	2 959 080	-	2 959 080	1 952 133	195 213	2 147 347	-	-	1 952 133	195 213	2 147 347	811 733
Public Safety	856 945	275	857 220	722 865	25 585	748 450	-	-	722 865	25 585	748 450	108 770
Sport and Recreation	5 125 150	-	5 125 150	2 120 930	249 721	2 370 651	1 641	1 641	2 120 930	251 362	2 372 291	2 752 859
Waste Management	13 577 927	168 800	13 746 727	4 919 263	734 733	5 653 996	-	-	4 919 263	734 733	5 653 996	8 092 731
Roads and Transport	163 316 576	558 891	163 875 467	100 159 333	4 256 786	104 416 119	2 241	2 241	100 159 333	4 259 026	104 418 360	59 457 108
Water	38 652 365	-	38 652 365	25 839 901	3 002 390	28 842 290	19 856	19 856	25 839 901	3 022 246	28 862 146	9 790 219
Electricity	9 787 733	-	9 787 733	5 925 291	232 813	6 158 104	218	218	5 925 291	233 032	6 158 322	3 629 411
Other	8 250	-	8 250	6 325	550	6 875	-	-	6 325	550	6 875	1 375
Total	270 032 182	4 490 655	274 522 837	159 289 953	10 194 233	169 484 187	30 362	30 362	159 289 953	10 224 595	169 514 549	105 008 288

APPENDIX D
LAINGSBURG MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 June 2011

2010 Actual Income	2010 Actual Expenditure	2010 Budgeted Expenditure	2010 Surplus/ (Deficit)	Description	2011 Actual Income	2011 Budgeted Income	2011 Actual Expenditure	2011 Budgeted Expenditure	2011 Surplus/ (Deficit)
R	R	R	R		R	R	R	R	R
5 686 768	2 346 918	7 577 526	3 339 850	Executive and Council	6 945 726	9 528 862	2 216 265	2 632 345	4 729 460
7 141 651	7 550 677	8 749 577	(409 026)	Finance and Administration	5 163 381	6 380 423	6 593 994	6 227 467	(1 430 612)
-	327 080	229 583	(327 080)	Planning and Development	-	-	488 026	436 585	(488 026)
30 008	156 602	96 000	(126 594)	Health	26 649	14 080	112 310	138 724	(85 661)
72 254	792 288	692 136	(720 034)	Community and Social Serv	93 828	85 150	564 573	576 540	(470 745)
27 362	81 581	62 918	(54 220)	Housing	29 107	18 500	230 832	18 500	(201 725)
1 373 328	1 728 763	1 196 529	(355 434)	Public Safety	1 234 384	903 500	2 102 398	1 673 480	(868 014)
8 359	1 082 278	649 179	(1 073 919)	Sport and Recreation	8 368	4 500	1 042 231	1 012 700	(1 033 863)
3 762 584	2 035 575	1 678 898	1 727 009	Waste Management	2 577 133	2 333 390	2 470 024	2 313 504	107 109
2 219 563	3 857 324	3 491 649	(1 637 761)	Roads and Transport	1 883 864	13 000	6 941 780	2 921 513	(5 057 917)
1 773 027	2 319 950	2 477 698	(546 923)	Water	2 312 543	1 755 150	4 914 780	2 246 368	(2 602 237)
4 486 031	4 432 429	3 511 732	53 602	Electricity	5 680 836	5 326 850	6 559 313	5 610 391	(878 477)
-	12 398	48 885	(12 398)	Other	-	-	666 001	555 288	(666 001)
26 580 935	26 723 863	30 462 311	(142 928)	Sub-Total	25 955 819	26 363 405	34 902 527	26 363 405	(8 946 708)
-	1 095 297	-	(1 095 297)	Less: Inter-departmental C	-	-	-	-	-
26 580 935	27 819 160	30 462 311	(1 238 225)	Total	25 955 819	26 363 405	34 902 527	26 363 405	(8 946 708)

APPENDIX E(1)
LAINGSBURG MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 June 2011

Description	2010/2011 Actual	2010/2011 Budget	2010/2011 Variance	2010/2011 Variance	Explanation of Significant Variances greater than 10% versus Budget
REVENUE	R	R	R	%	
Property Rates	1 616 783	1 809 529	(192 746)	(11.92)	Interim valuation was done and some properties valuation decline
Property Rates - Penalties imposed and collection charges	6 449	3 900	2 549	39.52	Revenue budgeted for under Interest Earned - Outstanding debtors
Service Charges	9 149 159	9 413 310	(264 151)	(2.89)	Sell less units of services due to increase in tariffs
Rental of Facilities and Equipment	541 630	481 781	59 849	11.05	Good performance by relevant departments
Interest Earned - External investments	577 286	750 000	(172 714)	(29.92)	Funds available for investment is less - spend unspent grants and decrease in interest rates
Interest Earned - Outstanding debtors	108 537	40 950	67 587	62.27	Increase due to increased outstanding amounts for debtors
Fines	972 313	771 250	201 063	20.68	Unspent grants was transferred to unspent grants account
Licences and Permits	263 439	152 000	111 439	42.30	Department has perform better - drivers licence an learners licence
Income for Agency Services	98 298	80 000	18 298	0.00	
Government Grants and Subsidies	12 388 068	9 658 850	2 729 218	22.03	Income was allocated to budget vote
Other Income	233 857	594 480	(360 623)	(154.21)	Income was allocated to budget vote
Transfers		2 607 355	-		
Total Revenue	25 955 819	26 363 405	2 199 769	8.34	
EXPENDITURE					
Employee Related Costs	9 748 173	9 724 480	23 693	0.24	
Remuneration of Councillors	2 194 354	2 367 902	(173 548)	(7.91)	
Collection Costs	24 704	5 000	19 704	79.76	Did not hand over any debtors , some of other has paid over
Depreciation	10 224 595	6 164 325	4 060 270	39.71	
Impairment Losses	30 362	148 000	(117 638)	(387.45)	Has previously made provision
Repairs and Maintenance	868 528	1 313 400	(444 872)	(51.22)	Manage assets better
Bulk Purchases	3 779 121	3 695 435	83 686	2.21	
Contracted Services	373 021	735 000	(361 979)	(97.04)	More inhouse work was done
Grants and Subsidies Paid	1 447 342	2 082 628	(635 286)	(43.89)	
General Expenses	6 241 243	6 291 560	(50 317)	(0.81)	
Transfers Depreciation	-	(6 164 325)	6 164 325	0.00	
	-	-	-		
Total Expenditure	34 931 445	26 363 405	8 568 040	32.50	
NET SURPLUS / (DEFICIT) FOR THE YEAR	(8 975 626)	-	(8 975 626)	0.00	

APPENDIX E(2)
LAINGSBURG MUNICIPALITY

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 June 2011

Description	2010/2011	2010/2011	2010/2011	2010/2011	Explanation of Significant Variances
	Actual	Budget	Variance	Variance	greater than 5% versus Budget
	R	R	R	%	
Finance and Administration	1 004 426	202 925	801 501	394.97	
Planning and Development	2 758 261	1 500	2 756 761	183 784.09	Projects were not executed
Community and Social Services	-	140 000	(140 000)	(100.00)	Projects were not executed
Housing	-	3 596 852	(3 596 852)	(100.00)	Housing delay due to EIA and Hertage studie - roll over
Public Safety	275	271 050	(270 775)	(99.90)	No tenders received for Camera
Sport and Recreation	-	134 716	(134 716)	(100.00)	Projects were not executed
Waste Management	168 800	1 928 100	(1 759 300)	(91.25)	Projects did not realise
Roads and Transport	558 891	4 338 100	(3 779 209)	(87.12)	Projects commenced late in financial year and was carried over to 2011/12
Water	-	878 000	(878 000)	(100.00)	
Electricity	900 980	220 000	680 980	309.54	Projects did not realise
Other	-	393 108	(393 108)	(100.00)	Projects did not realise
Total	6 293 008	12 104 351	(5 811 343)	(48.01)	

APPENDIX F
LAINGSBURG MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts					Quarterly Expenditure				Grants and Subsidies Delayed / Withheld					Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		June	Sept	Dec	March	June	Sept	Dec	March	June	June	Sept	Dec	March	June		Yes / No	
FMG	Nat Treasury	-	1 250 000	-	-	-	215 403	725 935	204 268	104 394	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MIG Projects	MIG	4 000 000	1 151 000	466 000	-	-	461 400	569 906	1 091 950	1 334 551	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MSIG	Nat Treasury	-	750 000	-	-	-	16 153	-	282 569	451 278	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Equitable Share	Nat Treasury	-	2 859 299	2 287 439	1 716 000	-	1 715 684	1 715 685	1 715 684	1 715 685	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MASIBAMBANE	DWA	-	-	-	-	555 200	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
CDW'S	Province	-	-	125 000	-	-	14 988	13 426	30 952	54 860	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DEPT TRANSPORT	Province	-	-	-	8 608	-	-	-	-	8 608	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DEPT CULT	Province	-	27 000	27 000	27 000	-	20 250	20 250	20 250	20 250	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MSP	Province	-	500 000	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DEPT PUBLIC WORKS	Province	-	-	-	2 000 000	-	-	-	-	532 653								
Total Grants and Subsidies Received		4 000 000	6 537 299	2 905 439	3 751 608	555 200	2 443 878	3 045 202	3 345 673	4 222 279	0	0	0	0	0			
(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?																		